

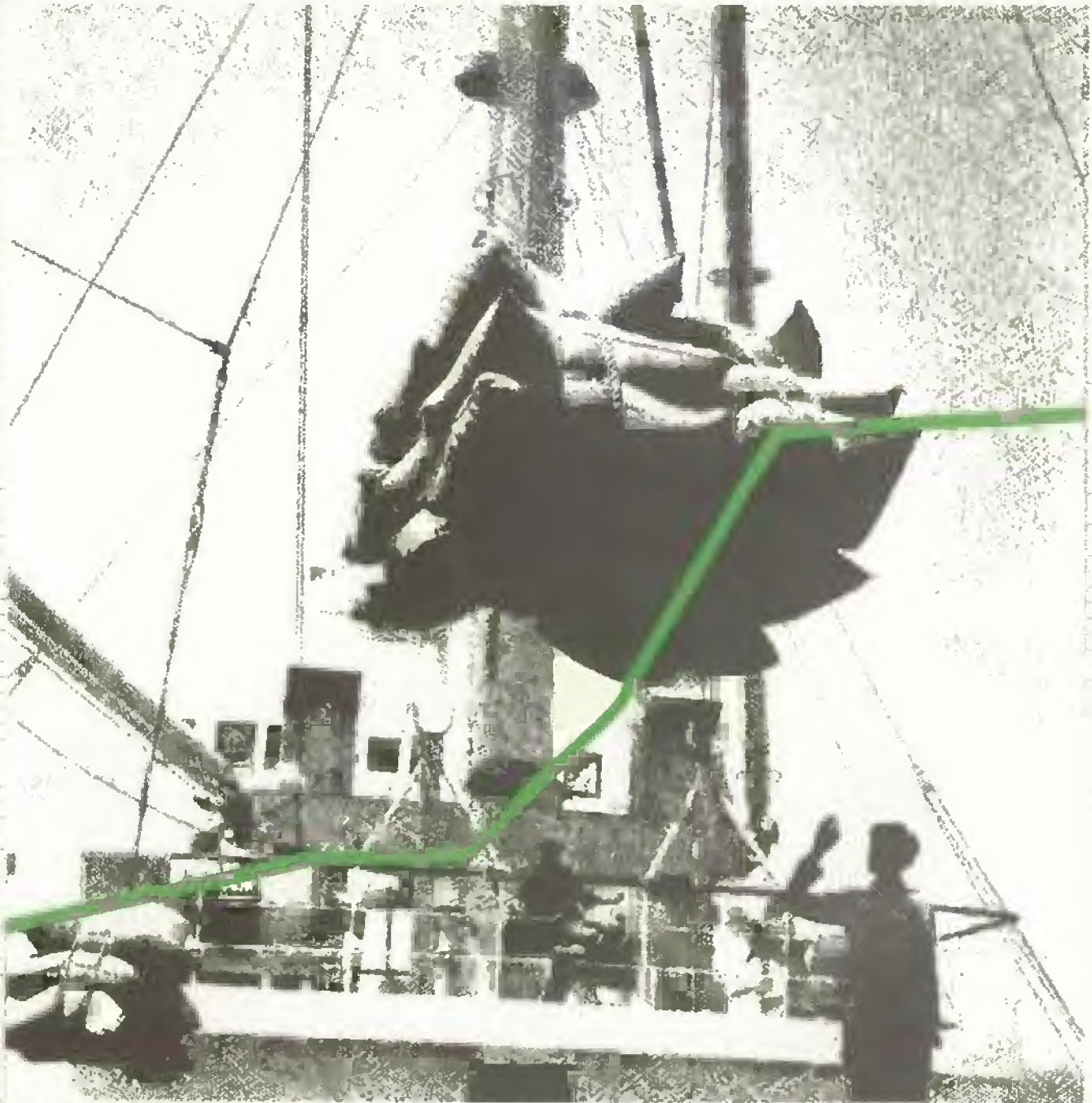
AGRICULTURAL OUTLOOK

UNITED STATES DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • AO-8

BILLION DOLLARS

20

10



U.S. FARM EXPORTS (FISCAL YEARS 1969-FORECAST 1976)

MARCH 1976

AGRICULTURAL OUTLOOK

AO-8
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LARGER SUPPLIES ARE EXPECTED TO EASE THE PRESSURE ON FOOD PRICES

Larger food supplies in prospect this year may help stem the rapid inflation in food prices that was most marked in 1973 and 1974 and persisted to a lesser extent last year. In fact, 1976 could see food price rises close to the late 1960's and early 1970's.

Food prices in the first half of 1976 are expected to rise around 1 percent each quarter, and average some 6 percent above a year earlier. Food prices during the second half of this year will be heavily influenced by weather and crop conditions during the 1976 growing season and by the speed of recovery in the U.S. economy. Large U.S. and world crops, further gains in production of live-stock-related foods, and moderate economic growth could further slow the rise in retail food prices as the year unfolds.

With the U.S. economy on the upswing, the demand for agricultural products should pick up in 1976. Real disposable incomes per person may rise around 4 percent this year, compared with only a small gain in 1975 and a 2-percent drop in 1974.

Domestic supplies of most foods will be larger at least through summer. Abundant 1975 crops will boost supplies through most of 1976, especially of grains, processed vegetables, fresh fruits, sugar, and oil crops. Fresh vegetable output this winter may be above a year ago, while canned and frozen vegetable supplies are the largest in 4 years. Although down slightly from last year, the citrus crop is still large relative to most previous years. Continued dry weather and wind erosion in the Western Plains may further reduce estimated wheat yields there—which could pull total production under last year's level. However, because of heavy stocks, wheat supplies may remain near the 1975/76 level.

Favorable feeding margins for livestock producers have encouraged larger placements of cattle in feedlots, a turnaround in hog production, increased broiler chick placements, and stepped-up feeding of concentrates to dairy cows. As a result, the production of beef, broilers, eggs, milk, and turkeys is expected to increase this year. While pork production will remain tight through early 1976, hog producers have boosted farrowings and by the second half, pork output may be up a tenth from year-earlier levels. Production of broilers, turkeys, eggs, and milk also should continue larger as the year progresses.

The cattle herd declined this year, ending an expansion that lasted 9 years. This downturn improves the longer run economic prospects of the cattle industry. The heavy rate of cow culling came when pork output was way down, thus tempering the price-depressing impacts of record beef supplies. Coupled with a pickup in feedlot demand for replacements, it could improve returns to cow-calf operators later this year and on into 1977.

Beef production is expected to be larger this year, with more grain-fed beef back in the picture. Last year, high grain prices caused farmers to market more cows and grass-fed beef directly rather than running animals through feedlots first. Promotions and educational efforts encouraged consumers to purchase more lower grade beef from leaner grass-fed cattle. However, this year economic signals suggest a switching back to grain-fed beef and the availability of more Choice cuts.

The record large production of cow beef in 1975 pushed retail hamburger prices down 10 percent from 1974—to their lowest level since 1972—at the same time Choice beef prices were moving higher. This year,

however, the expected shift from slaughtering nonfed to fed beef probably will result in hamburger prices higher relative to Choice beef prices.

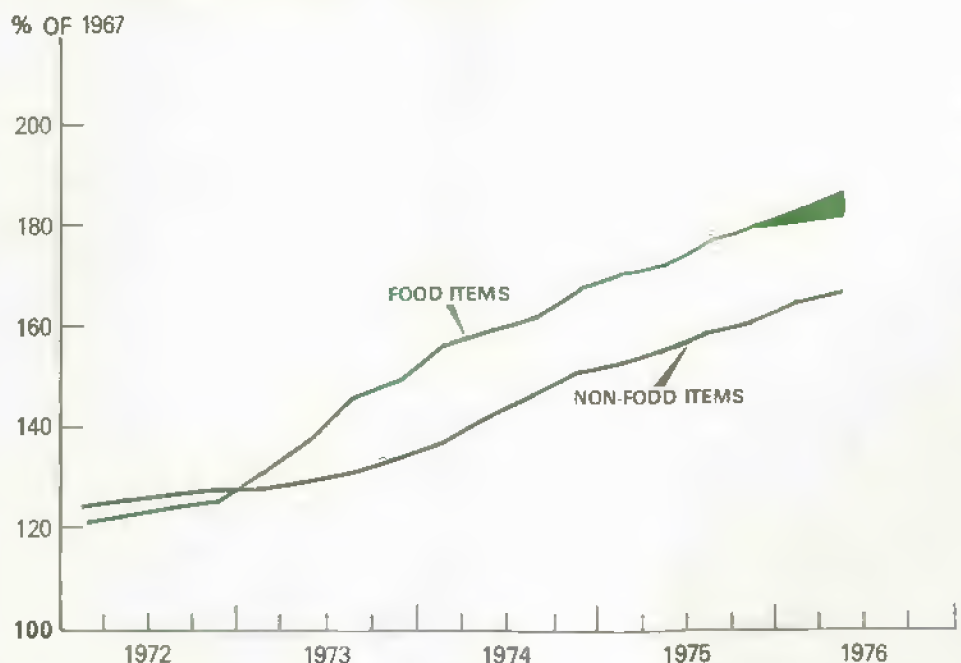
Marketing spreads are expected to continue to widen this year, although the increase may slow because of some easing in price hikes for materials and services. On the other hand, labor costs accelerated last year, and wage settlements in key industries this year will be a barometer of cost-push pressures in the marketing sector.

Record High Agricultural Exports

Exports of agricultural products during fiscal 1976 are expected to reach around \$22 billion, up about a half billion dollars from the previous year. The volume of exports may hit a record high of about 105 million metric tons, up over a fifth from fiscal 1975. But prices of major export crops likely will average lower in response to a big production gains in 1975.

Fiscal 1976 imports of agricultural products are likely to total around \$9.8 billion, leaving an agricultural trade balance in excess of \$12 billion.

FOOD PRICE RISES MAY MODERATE





AGRICULTURAL ECONOMY

Prices of most farm commodities have been fairly steady to stronger in recent weeks following declines from last autumn's peaks, but in January prices were still some 8 percent above year-earlier levels. With an expanding domestic market and greatly increased exports, farm prices are likely to hold fairly stable through mid-1976 at levels well above a year ago—this despite abundant crop supplies and increasing output of most livestock and livestock products.

Crop Use Picks Up

Increased domestic use and larger exports have helped to maintain crop prices in the face of large supplies. Crop prices in November fell 7 percent below their September peak as abundant crops were being rapidly harvested. Prices have held relatively stable, although the January average was around 6 percent below a year earlier. Grain and soybean prices were well below 1975 and cotton prices were up by more than 50 percent from late December to mid-February in response to big export movement and concern over the size of this year's wheat crop.

Once crops are harvested, domestic use, exports, and new crop prospects are the chief determinants of prices. Exports of corn, soybeans, and wheat combined are up around a third from a year ago through December of their 1975/76 marketing year, and exports are likely to remain strong during the remainder of the marketing year.

Domestic use of crops is also on the rise.

Cotton consumption has picked up and is currently running 50 percent over year-ago levels. Wheat use showed moderate gains during July-December, as food use appeared to be recovering from a year ago. Increased feeding by the livestock and poultry industries is stepping up demand for feed grains and soybean meal. Following sharp drops in 1974/76, domestic use of feed grains pulled even with a year ago in October-December, and year-to-year increases of 10 to 20 percent are likely during January-June 1976. Soybean crushings were up almost a fifth in September-December with soybean meal use showing strong gains.

Grain and soybean stocks on January 1 increased substantially, due largely to much bigger 1975 crops. Combined holdings of wheat, corn, and soybeans were about a fourth above January 1, 1975, with around 60 percent of the total being stored on

the nation's farms.

Crop prices are expected to show some seasonal strengthening during the first half of this year, although prices of most grains and soybeans are likely to remain below year-earlier levels. Cotton prices are substantially above a year ago and the general supply-demand balance likely will continue tight.

However, many factors will influence crop prices during the remainder of the year. In addition to developments in export sales and domestic feeding, 1976 crop prospects in the United States and the world, as well as the pace of economic activity, will affect prices.

Producers early-season plans to plant more acreage to corn, wheat, and cotton this year, but less to soybeans, will be checked again in April as the major planting season approaches. Producers planted around 2 per-

STOCKS AND UTILIZATION OF MAJOR CROPS

Item	January 1			Marketing year ¹		
	1974	1975	1976	1973/74	1974/75	1975/76 ²
Stocks:						
Corn (mil. bu.)	4,473	3,621	4,431	483	359	512-612
Wheat (mil. bu.)	927	1,107	1,385	247	327	390-465
Soybeans (mil. bu.)	1,161	989	1,246	171	185	280-380
Cotton (thou. bales)	—	—	—	3,808	5,708	3,300-4,300
Cumulative through December of marketing year						
	1973	1974	1975			
Domestic Use:						
Corn (mil. bu.)	1,564	1,254	1,242	4,631	3,641	4,015-4,215
Feed (mil. bu.)	1,464	1,144	1,136	4,193	3,187	3,550-3,750
Food, seed and industrial (mil. bu.)	100	110	106	438	454	465
Wheat (mil. bu.)	481	385	388	752	680	672-697
Food (mil. bu.)	274	270	287	528	525	530
Feed (mil. bu.) ³	148	53	36	140	67	52-77
Seed (mil. bu.)	59	62	65	84	88	90
Soybeans (mil. bu.)	—	—	—	897	780	851-901
Crushings (mil. bu.)	249	236	277	821	701	775-825
Soybean meal						
Disappearance (thou. s. tons)	3,429	3,144	4,149	13,766	12,501	14,150
Cotton						
Mill consumption (thou. bales)	3,011	2,450	3,002	7,472	5,860	6,800-7,300
Exports:						
Corn (mil. bu.)	320	272	454	1,243	1,149	1,400-1,500
Wheat (mil. bu.)	736	552	690	1,148	1,039	1,300-1,400
Soybeans (mil. bu.)	186	160	198	539	421	475-525
Cotton (thou. bales)	1,811	1,188	1,276	6,123	3,926	3,000-3,500

¹ Beginning July 1 for wheat, August 1 for cotton, September 1 for soybeans and October 1 for corn and soybean meal.

Stocks for end of year. ² Projected. ³ Feed use approximated by residual; includes negligible use in distilled spirits and beer.

cent more acres to winter wheat last fall, but continued drought and cold weather without snow cover in the Western Plains are causing concern about yields and the size of the crop. Conditions last December 1 pointed to a winter wheat crop 9 percent under 1975's record, and growing conditions have deteriorated in some areas since then. However, favorable weather in the next 3 to 6 months would greatly improve crop prospects in much of the dry area. Also, the expected larger carryover stocks could keep the wheat supply close to this year's level.

Livestock Prices Ease, But Remain Above A Year Ago

Favorable feeding relationships—and such indicators of production as cattle placements, farrowings of pigs, and chick hatch—all point to increased livestock production in 1976. Although livestock prices have

dropped from their highs of last summer, they continue well above a year ago. Even with sizable output gains expected later this year, increases in meat supplies for the year as a whole will be modest. Livestock product prices in the first half of 1976 will likely continue above year-earlier levels, perhaps by around 10 to 15 percent.

Beef output in 1976 may continue to show gains over year-earlier levels. Moreover, fed beef will make up a larger share of total production. Fed cattle prices have slipped further since the beginning of the year under pressure of increased fed beef supplies and continued large cow slaughter. Omaha Choice steers were about \$39 per 100 pounds in mid-February, down about \$5 since early January. Some further weakness may occur, but prices should strengthen this spring.

The cattle inventory on January 1 at 128

million head was down 3 percent from a year ago, ending an expansion that lasted 9 years. The decline in the cattle herd, improves longer run economic prospects for the cattle industry. The heavy rate of cow culling last year came at a time when pork output was severely restricted, thus tempering the price-depressing impacts of record beef supplies. If cow slaughter in coming months declines as now seems likely, cattle prices should firm with prices of cows and feeder cattle showing the most strength. The drop in the cattle numbers and the recent pickup in cattle feeding, which have improved feedlot demand for replacement cattle, will strengthen feeder cattle prices in 1976.

Pork supplies will remain tight through midyear. After midyear, pork production will be picking up relative to year-earlier output. Although down from October peaks, market hog prices have been holding mostly between \$48 and \$51 per 100 pounds since last November, some \$10 above a year ago. Increasing hog slaughter will put downward pressure on prices in coming months, but prices may average in the mid- to upper \$40 range in the spring and early summer.

Broiler output is on the rise—with a 10-percent gain likely in the first half from a year ago. Smaller gains are likely in the second half. Broiler prices have come down from last fall but remain relatively strong, as red meat supplies improve slowly. In the face of larger broiler supplies and lower pork prices, broiler prices may ease further later this year.

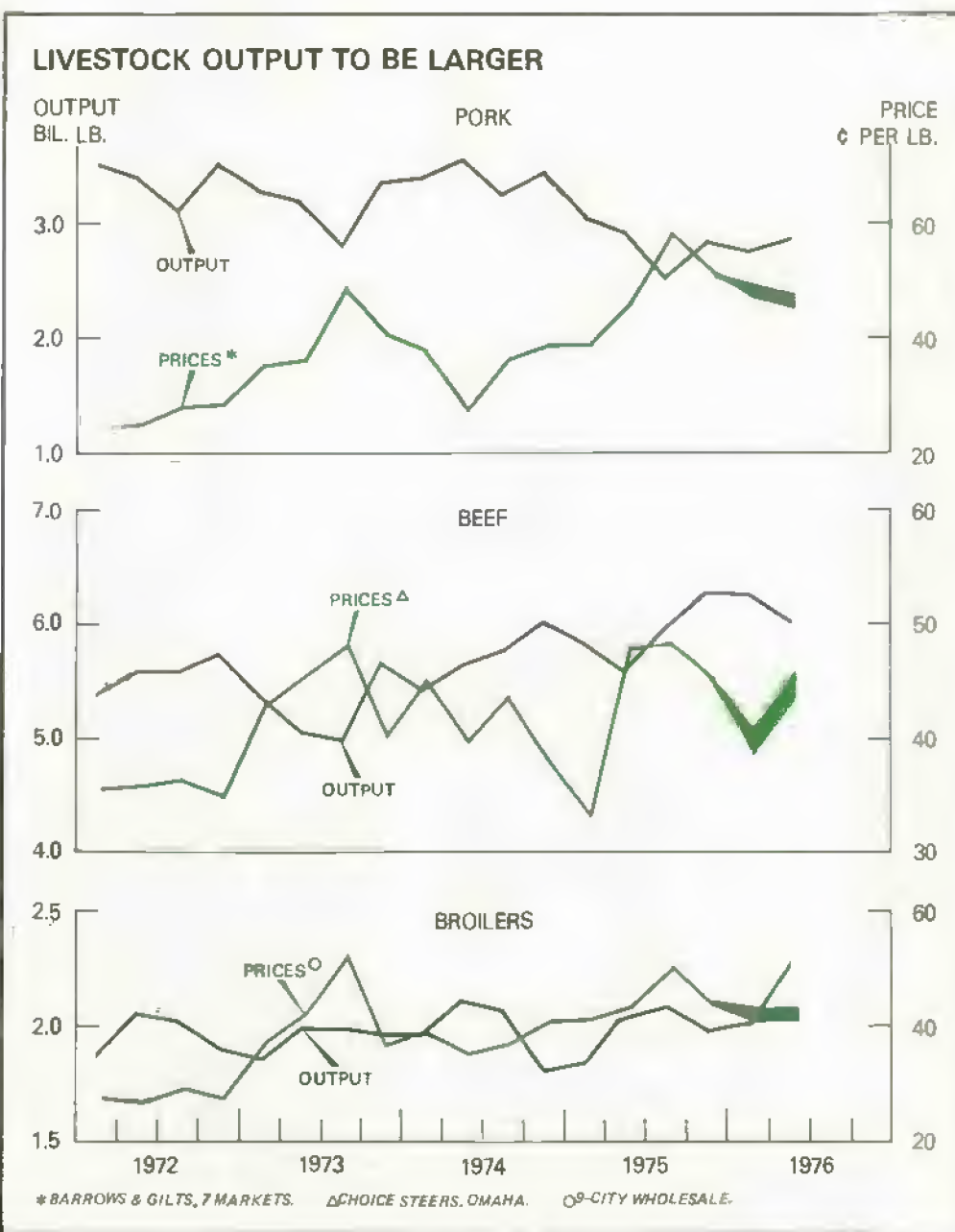
Egg production may rise a little early this year before dropping seasonally this spring and summer. Prices should hold above a year ago through summer.

Milk production entering this year was running some 2 percent above a year ago and will continue higher through summer. Improved milk-feed price relationships have led to increased grain and concentrate feeding. Milk prices may show larger-than-usual seasonal declines this spring, but farm prices are expected to remain above a year earlier through the summer.

Farm Input Price Rise Slows

Gains in prices paid by farmers for inputs have slowed. January 1976 prices were up 6 percent over a year ago—versus a 12-percent hike in prices entering 1975. A general slowing in price inflation as well as lower prices for feed and fertilizer helped to slow the rise in input prices.

Farmers can expect further easing in some input prices early this year. Fertilizer prices, which shot up rapidly early last year, likely will be down considerably this spring—



possibly as much as a fourth. Pesticide output is on the rise and prices are holding. Although still increasing, farm machinery price gains have eased.

Farm Income to Hold Above A Year Ago

Cash receipts from livestock and products should continue well above a year ago during the first half of this year reflecting higher prices and increased output. Although crop prices may trail 1975 levels, a larger volume of marketings, supported by the generally stronger domestic and foreign demand, will help to maintain cash receipts. Farm production input prices may show a smaller rise this year. The income position of farmers in January-June 1976 is expected to continue near second half 1975 rates and well above a year ago.

Marketing Costs to Rise, But at Slower Rate

The marketing spread between the farmer and consumer is expected to widen further in 1976, and again account for most of the expected modest rise in food prices. However, the gain in spreads may be around 5 percent in the first half of 1976, compared with 1975's 9-percent rise. Increases in prices of materials and services may taper off some this year. However, labor costs accelerated in 1975 and labor wage settlements on tap this year for key industries will be an indicator of cost-push pressures on the marketing side.

Consumer Incomes Continue Rising; Unemployment Rate Eases

The general economy continues to register steady gains. Real growth may be around 6 percent this year with the general price level expected to rise some 6 to 7 percent, both improvements over developments in 1974 and 1975.

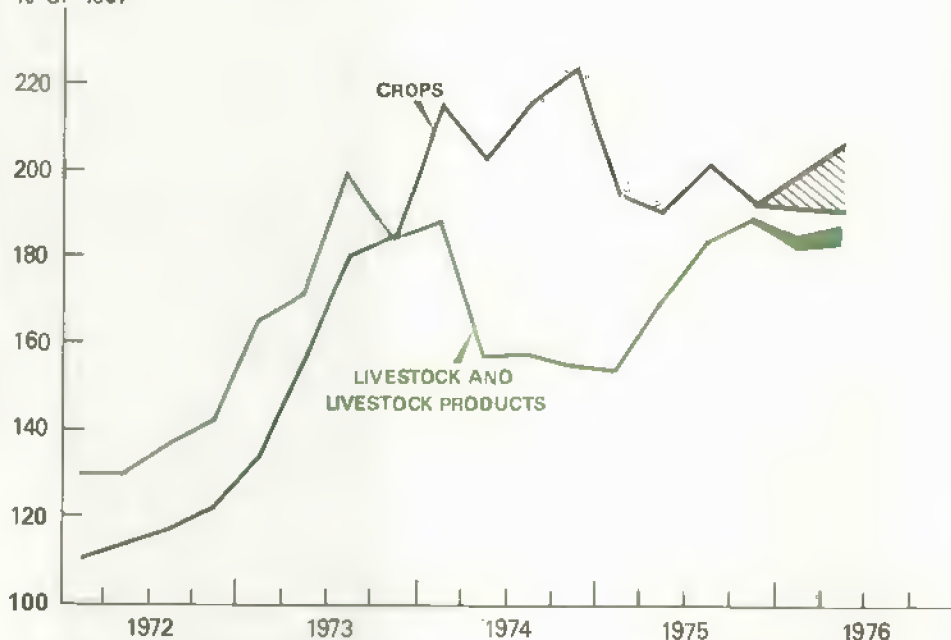
Per capita disposable income closed out 1975 running almost 9 percent above a year earlier, measured in current prices. Similar gains likely in 1976 would give more push to consumer buying power, if inflation slows as expected. The unemployment rate, which held around 8.3 percent in November and December, dropped to 7.8 percent in January. As a result, consumer demand for food and other agricultural products continues to strengthen.

Food Price Rises Moderate

Food prices in the first half of 1976 are expected to rise around 1 percent each quarter, and average some 6 percent above a year earlier. Food prices during the second half of this year will be heavily influenced by weather and crop conditions during the 1976 growing season and by the speed of recovery in the general economy. Large U.S.

FARM PRICES TO REMAIN STRONG

% OF 1967



and world crops, further gains in production of livestock-related foods, and moderate economic growth could further slow the rise in retail food prices this summer and fall.

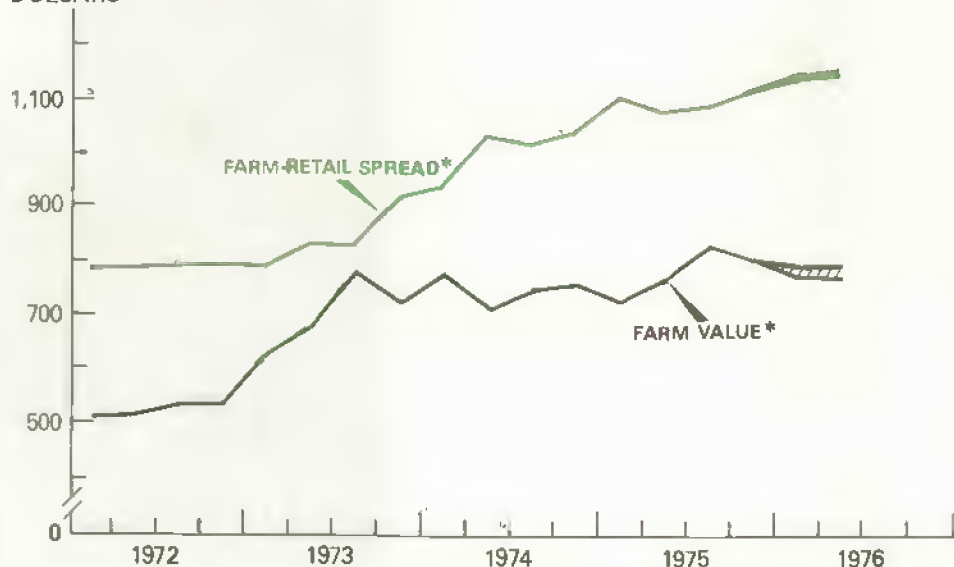
Consumer food expenditures in fourth quarter 1975—at a seasonally adjusted annual rate of \$192 billion—were up 2½ percent from the previous quarter. Outlays for restaurant meals and snacks were up a record 6 percent and food-at-home spending rose 1½ percent from the previous quarter. The increase in food expenditures reflected both

a larger quantity of food purchased and higher food prices.

For all of 1975, food expenditures rose around 11 percent from a year ago, a somewhat slower advance than in 1973 and 1974 because price increases were more moderate. Consumers allocated an increasing percentage of their income to food purchases for the second successive year. They spent around 17.1 percent of their income for food in 1975, up from 16.9 percent in 1974 and 16.3 percent in 1973.

FARM-RETAIL SPREAD TO WIDEN FURTHER

DOLLARS



*THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD. THE FARM VALUE IS THE GROSS RETURN TO FARMERS FOR EQUIVALENT AMOUNTS OF THESE FOODS.



FOOD

Food price rises are easing substantially in early 1976. The current outlook is for food prices to rise around 1 percent per quarter through the first half of the year, continuing around 6 percent above a year earlier. The year-to-year increase may narrow in the last half of 1976 if—and it's an important if—increases in general U.S. price levels remain moderate, and output of U.S. and world crops and U.S. livestock products gains as expected. Bad weather and small crops—poor production—or an acceleration in the general price level could again put strong upward pressure on retail food prices, particularly in late 1976 and 1977.

Retail prices of red meat are likely to average close to last fall's level during the first half, with increases for beef and veal during the spring about offset by lower pork prices. Poultry prices have fallen from their peak of last summer and further moderate declines are likely. Egg prices may remain strong before dropping seasonally this spring. Retail dairy prices, which advanced rapidly late last year, may stabilize this winter and hold steady through the spring as supplies increase.

On the crop side, fresh produce prices will be advancing seasonally during the next few months. Prices for most other crop foods will hold relatively steady as generally ample supplies balance out continued upward pressure of rising processing and marketing costs. However, coffee prices are likely to continue to surge ahead.

**January Wholesale Food Prices Dip;
Retail Prices Up Just Slightly**

Wholesale prices of all foods in January

were down 1 percent from December—the fourth successive monthly decline. January food prices were down 3½ percent from last September and some 3 percent below year-earlier prices. On the other hand, prices of industrial commodities were up 6 percent from January 1975, while wholesale farm product prices averaged 7½ percent higher.

The month-to-month drop in January wholesale prices reflected lower prices of red meats, eggs, poultry, dairy products, animal fats and oils, and vegetable oil end products. Higher prices were registered for fishery products, fresh and dried fruits and vegetables, and sugar.

Retail food prices in January continued upward, but the rise was only around 0.1 percent from December. Prices of food consumed at home eased slightly in January, although the 0.5 percent rise in away-from-home food prices was more than offsetting. Food prices started 1976 about 6 percent above the year before. The Consumer price Index (CPI) for all items less food in January stood 7 percent above a year ago.

Among major items, there were increases from December to January in retail prices of dairy products, fish, fresh vegetables, eggs, coffee and processed fruits and vegetables. On the other hand, prices of pork, poultry, sugar, and fats and oils products turned down, while bakery and cereal products, beef and veal, and fresh fruits held about steady.

Per Capita Food Use Rebounding

After dropping last year, per capita food

consumption appears likely to rise 1 to 2 percent in 1976, recovering to about the same level as in 1974. The expected increase will come from nearly equal advances in consumption of both animal- and crop-related products.

The consumption increase slated for livestock-related foods in 1976 reflects an anticipated 2-percent advance for red meats and a sharp jump in poultry consumption. All other foods in this category likely will remain essentially unchanged, except for animal fats and oils which are expected to continue their longrun decline.

Among red meats, per capita beef consumption is expected to rise about 2 pounds to an all-time high, while pork consumption may be up 1 to 2 pounds from the depressed level of last year. Total red meat consumption likely will run above 1975.

The anticipated 1 to 2 percent advance for crop-related foods may bring consumption near the 1972 peak. High consumption of processed fruits and fresh and processed vegetables—along with a sharp jump in sugar consumption from the low 1975 level—likely will more than offset declines for beverages and fresh potatoes. Consumption of cereal and bakery products may remain about the same as last year.

The 1975 index of per capita food consumption fell about 1 percent from the year before to the lowest level since 1968. Per capita consumption of crop-related foods declined slightly from 1974 to a level about 2 percent below the record high of 1973.

FOOD PRICES LEVELING

% OF 1967



SOURCE: BUREAU OF LABOR STATISTICS.

Consumption of animal-related foods fell about 2 percent each; last year, although it remained slightly above the low 1973 level.

1975 Food Price Rise Smallest in 3 Years

The Consumer Price Index for all foods in 1975 averaged 8½ percent above 1974, compared with annual increases of about 14½ percent during each of the previous 2 years. The 1975 increase reflected an 8-percent rise for food-at-home prices, compared with a 15-percent increase in 1974 and

almost 16½ percent in 1973. Food-away-from-home prices, rising at the same pace as the CPI for all items less food, averaged a little less than 10 percent higher last year, down from the nearly 13-percent increase in 1974.

Marketing spreads accounted for about three-fourths of the rise in retail food prices in 1975, with the farm side representing the other one-fourth.

For all of 1975, food expenditures averaged nearly 11 percent above 1974

levels, with most of the gain occurring in the first half of the year. During October-December, food expenditures rose some 2½ percent from the previous quarter, reaching about \$192 billion on a seasonally adjusted annual basis. The increase reflected a larger quantity of food purchased and slightly higher prices.

Restaurant meals and snacks accounted for most of the fourth quarter gain—rising a record 6.2 percent to around \$46 billion. Food expenditures in 1975 rose at a more moderate pace than in the previous year because of slowing price increases. (Larry Summers and Anthony Gallo)

EXPENDITURES FOR FOOD IN RELATION TO DISPOSABLE INCOME¹

Year	Disposable personal income	Personal consumption expenditures for food ²					
		For use at home ³			Away from home ⁴		Total
		Percentage of income		Percentage of income		Percentage of income	
		Amount	Pct.	Amount	Pct.	Amount	Pct.
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	349.4	56.3	16.1	14.2	4.1	70.5	20.2
1961	362.9	57.3	15.8	15.1	4.2	72.4	20.0
1962	383.9	57.8	15.1	16.1	4.2	73.9	19.3
1963	402.8	58.8	14.6	17.0	4.2	75.8	18.8
1964	437.0	62.2	14.3	18.0	4.1	80.2	18.3
1965	472.2	66.8	14.2	19.0	4.0	85.8	18.2
1966	510.4	72.4	14.2	20.2	3.9	92.6	18.1
1967	544.5	74.0	13.6	21.0	3.9	95.0	17.5
1968	588.1	79.5	13.5	23.2	3.9	102.7	17.5
1969	630.4	84.7	13.4	24.8	3.9	109.5	17.3
1970	685.9	91.8	13.4	26.8	3.9	118.6	17.3
1971	742.8	94.2	12.7	27.8	3.7	122.0	16.4
1972	801.3	100.5	12.5	30.1	3.8	130.6	16.3
1973	903.1	112.9	12.5	33.9	3.8	146.8	16.3
1974	983.6	128.4	13.0	38.1	3.9	166.5	16.9
I	953.8	123.0	12.9	36.1	3.8	159.1	16.7
II	968.2	125.6	13.0	37.4	3.8	163.0	16.8
III	996.3	131.4	13.2	38.6	3.9	170.0	17.1
IV	1,015.9	133.6	13.2	40.1	3.9	173.7	17.1
1975	1,076.8	141.3	13.1	43.3	4.0	184.6	17.1
I	1,024.0	137.2	13.4	41.5	4.1	178.7	17.5
II	1,081.7	139.1	12.9	42.7	3.9	181.8	16.8
III	1,087.1	143.3	13.2	43.2	4.0	186.5	17.2
IV ⁵	1,114.4	145.7	13.1	45.9	4.1	191.6	17.2

¹Quarterly data are seasonally adjusted annual rates. All data reflect the January 1976 revision in the National Income and Product Accounts. ²Data of the Department of Commerce in the *Survey of Current Business*. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases

of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees.

³Includes food consumed on farms where produced. ⁴Includes food served to the military and employees of hospitals, prisons, and food service establishments.

⁵Preliminary.

Coffee, Tea, and We

U.S. coffee drinkers will be paying more for coffee this year. World coffee production for the next 3 years may be less than world consumption, and world stocks will likely continue to be drawn down to relatively low levels. This year's Brazilian crop will be less than half of the 1975/76 crop as the trees are recovering from last year's severe frost damage.

U.S. green coffee prices may rise further in 1976 in view of the tight world supply situation. In January, major roasters announced that wholesale prices of roasted coffee would be increased by 15 cents per pound and prices of instant coffee 2 cents per ounce. This means U.S. consumers can expect further substantial hikes from last December's U.S. average price of \$1.51 per 1-lb. can of regular coffee and the \$1.77 per 6-oz. jar of instant coffee early this year.

Per capita U.S. coffee consumption has been on a long-term downtrend since 1962. While it is unclear what forces have been behind the downtrend, prospective record high retail prices this year probably will further reduce consumption from the 1975 level of 12.3 pounds (green bean equivalent).

Per capita tea consumption totaled 0.80 pound (dry leaf basis) in 1975, the same as in 1974. While tea consumption held up last year, imports totaled about 160 million pounds, down around 20 million from 1974.

The U.S. average retail price of a package of 48 tea bags in the last quarter of 1975 was 90 cents, up nearly 13 cents from the year before. However, the wholesale price of tea (New York spot—India-Sri Lanka composite) changed very little during the period.

U.S. tea consumption likely will change little from 1975. Prices—particularly at retail—are likely to average several cents per pound above 1975. However, the sharply higher coffee prices in prospect this year could pull both tea consumption and tea prices up more than now expected. (Fred Gray)



MARKETING

While the cost of marketing food is expected to continue rising this year, some easing in prices for materials and services purchased by food marketing firms may hold the increase to around 5 to 6 percent, compared with the 9-percent rise in 1975.

Increased spreads for animal products apparently will contribute most to the higher food marketing charges, in sharp contrast to last year when greater spreads for crop products accounted for the bulk of the gain.

Marketing spreads for animal products

entered the year at record levels. Although they may be squeezed somewhat in spring and summer as prices for meat animals rise, these spreads may increase next fall if meat animal prices drop.

In contrast, spreads for crop products, also record high at the outset of the year, are expected to continue to increase gradually during 1976. Farm-retail price spreads are relatively wider for crop products than for livestock products and are less sensitive to changes in farm prices. The extent of the gain in crop product price spreads will depend mostly on hikes in prices for goods and services purchased by food marketing firms and increases in hourly earnings of food marketing employees.

After increasing 8 percent from September to December, the farm-retail price spread for a market basket¹ of farm foods continued to widen from December to January,

increasing 1 percent. Sharp increases for eggs and beef and more moderate increases for other animal products were partially offset by decreases for crop products—particularly bakery and cereal and oilseed products. In January, the farm-retail spread averaged 5 percent wider than a year earlier.

Month-to-month variations in the spread may be simply a measure of the lack of responsiveness of retail prices to farm prices. But over a longer period, the spread represents charges incurred between the farm and the consumer for assembling, processing, transporting, and distributing food products from U.S. farms.

Retail prices for farm foods decreased 0.2 percent from December to January, mainly reflecting lower prices for pork, poultry, bakery and cereal products, and fats and oils. Retail prices increased for dairy products, eggs, and fresh vegetables. In January, the retail cost of the market basket averaged almost 6 percent above a year earlier.

Returns to farmers for the quantity of farm products equivalent to foods in the market basket decreased 1.8 percent in January. Lower prices for fresh fruits, poultry, meat animals, and milk were partially offset by higher prices for fresh vegetables and oilseeds. The farmer's share of the consumer's dollar spent in retail food stores averaged 40.5 cents in January, compared with 41.2 cents the previous month and 39.9 cents a year earlier.

Pork Spreads Rise

Many short-term changes either up or down in marketing spreads stem from the fact that retail price movements often lag farm price changes. Pork spreads currently are a good case in point. Retail prices for pork peaked at \$1.59 per pound last October but had dropped about 15 cents per pound by January, partially reflecting a 22-cent drop in the farm value from its September peak. With the steep drop in hog prices from September to November, farm-retail spreads increased sharply to 65 cents in November but by January had tailed off about 8 cents.

Practically all of the decrease in the pork spread since November was in the farm-wholesale component, which includes charges for marketing and slaughtering hogs, and curing, processing, and transporting pork to the city where consumed.

The wholesale-retail component of the pork spread by January had changed very little from the November peak. This component includes not only the gross margin for retailing, but also includes charges made for other marketing services such as fabricating, wholesaling, and intracity transportation.

In January, the retail price for pork averaged \$1.44 per pound, up 29 cents from a year earlier. Prices for barrows and gilts

FARM-RETAIL SPREAD WIDENS*



* THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD. THE FARM VALUE IS THE GROSS RETURN TO FARMERS FOR EQUIVALENT AMOUNTS OF THESE FOODS.

¹ The market basket represents the average quantities of U.S. farm-originated foods purchased annually per household in 1960-61. Retail cost of these foods is based on an index of retail prices for domestically produced farm foods, a component of the Consumer Price Index published by the Bureau of Labor Statistics. The farm value is the payment to farmers for equivalent quantities of food products minus allowances for byproducts. The farm-retail spread is the difference between the retail cost and farm value.

averaged about \$48 this January, almost \$10 higher than in January 1975. As a result, the farm value for the live-animal equivalent of a pound of pork at retail was up 20 cents from a year earlier. The total farm-retail spread widened about 9 cents during the 12-month period. However, the wholesale-retail segment of the total spread averaged more than 15 cents above year-earlier levels, while the farm-wholesale segment averaged almost 6 cents lower. Wider marketing spreads accounted for about one-third of the rise in retail pork prices from January 1975 to January 1976, and higher returns to farmers accounted for two-thirds.

Marketing spreads for pork products may continue to decrease in coming months, if hog prices hold near current levels and if retailers continue to adjust retail prices to reflect the lower price levels. However, spreads may not return to earlier reduced levels because rising costs of marketing inputs continue to exert upward pressure on farm-retail spreads. (Henry Badger)



COMMODITIES

The cattle inventory turndown provides optimism for cattlemen later this year and on into 1977, especially for cow-calf operators who have had poor returns for more than a year and a half.

After increasing an average of almost 3 million head per year since 1967, the count of all cattle and calves on farms at the beginning of this year was 128 million, down 3.9

million from a year earlier. The extremely heavy rate of cow slaughter during 1975, up more than 50 percent from a year earlier, was enough to reduce the beef cow inventory to 43.7 million head, 4 percent below a year ago and the first year-to-year decline since 1958. The number of heifers being kept for beef cow replacements in early 1976 totaled 7.2 million head, about a fifth fewer than a year ago and the smallest number since 1972.

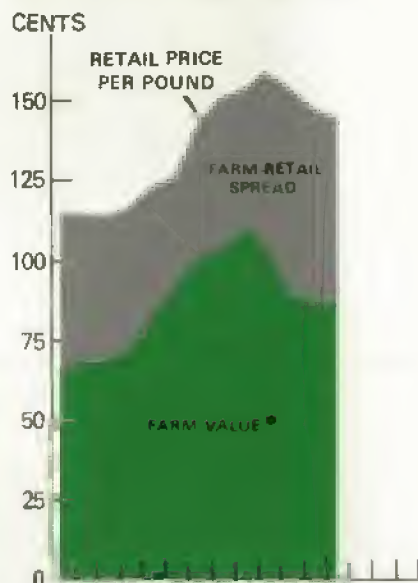
Estimates of the January 1 feeder cattle supply point to higher feeder cattle prices this year. The number of steers and heifers outside feedlots and available for feeding is estimated at around 46 million head, down 6 percent from a year earlier.

The downturn in the total cattle herd, and specifically the beef cow herd, improves longer term prospects for the economic health of the cattle industry. The heavy rate of cow culling—coming at the same time pork production was at its lowest level in more than a decade—tempered the price-depressing impact of record beef supplies. If cow slaughter during the coming months declines as much as now seems likely, prices of all classes of cattle will be turning higher by midyear. Cow prices likely will rise relatively more than other classes of cattle.

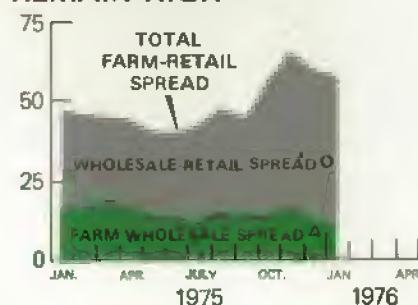
Fed Cattle Marketings, Placements Increase

Fed cattle marketings during January in the seven States reporting were up 22

RETAIL PORK PRICES REFLECT FARM VALUES . . .



. . . BUT SPREADS REMAIN HIGH



* PAYMENT TO FARMER FOR 1.97 LBS. LIVE HOG EQUIVALENT TO 1 RETAIL LB. OF PORK LESS VALUE OF BYPRODUCTS.

O CHARGES FOR IN-CITY DELIVERY, WHOLESALE, AND RETAILING.

Δ CHARGES FOR MARKETING, SLAUGHTERING, CURING, PROCESSING, AND SHIPPING.

CATTLE AND CALVES ON FARMS AND RANCHES, JANUARY 1

Class	1971	1972	1973	1974	1975	1976
Thou. head						
All cattle and calves	114,578	117,862	121,534	127,670	131,826	127,976
Cows and heifers that						
have calved	49,786	50,585	52,541	54,293	56,682	54,834
beef cows	37,877	38,807	40,918	43,008	45,472	43,743
milk cows	11,909	11,778	11,624	11,286	11,211	11,092
Heifers, 500 pounds						
and over	16,620	17,214	17,743	18,988	19,482	18,564
For beef cow						
replacements	6,664	6,987	7,436	8,226	8,879	7,197
For milk cow						
replacements	3,843	3,828	3,874	3,942	4,095	3,973
Other heifers	6,113	6,399	6,434	6,821	6,509	7,395
Steers, 500 pounds						
and over	15,610	15,999	16,555	17,802	16,373	17,153
Bulls, 500 pounds						
and over	2,327	2,376	2,466	2,645	2,987	2,849
Heifers, steers and bulls,						
under 500 pounds	30,235	31,688	32,229	33,942	36,302	34,575

percent from December, reflecting the buildup of cattle on feed inventories late last year. January marketings from these States were still the largest for any month since October 1974.

Under pressure of more fed cattle and a continued high slaughter of cows, fed steer prices have moved substantially lower during the past 2 months. Placements of cattle on feed during January were down from September-December 1975 levels but continued about a fifth above a year earlier, perhaps indicating some optimism by feeders for a recovery in the fed cattle market later this year.

The sharp increase in fed marketings during January more than offset the increase in placements, resulting in a small decline in the number of cattle on feed from January to February. Still the February 1 on-feed inventory exceeded the level of a year ago by 38 percent.

Price strength in the fed cattle market over the next several months will be determined largely by marketings of fed cattle and the level of nonfed slaughter. At the start of the year, feeders in 23 major States were planning a 12-percent increase in first quarter marketings over a year earlier, and cow slaughter could be up perhaps 25 to 30 percent. These increased marketings of cattle for slaughter have pushed prices lower recently, squeezing margins for feeders. Choice slaughter steers in the Midwest in

mid-February were selling at around \$39 per 100 pounds, down about \$5 from early January and the lowest since the spring of 1975.

Fed cattle marketings will remain large through midyear. However, if nonfed slaughter declines as much as now seems likely, Choice steers at Omaha may be selling back up in the mid-\$40's sometime during the spring quarter. Feeder cattle prices likely will parallel movements in the fed cattle market. If feed costs remain near current levels and fed cattle prices rebound as expected, feeder cattle prices could generally exceed fed prices later in the year. (Eldon Ball)

Milk Production Heads Up

Prospects for increased milk production in early 1976 remain bright, with January posting an almost 2-percent gain from a year earlier. Gains in milk output per cow probably will outweigh the declines in milk cow numbers rather easily in early 1976. Milk-feed price relationships likely will remain well above early 1975 levels and the resultant heavier concentrate feeding could result in more normal year-to-year increases in production per cow.

During the first half, total milk production could run 1 percent or more above a year earlier. Gains later in 1976 will depend on feed prices, cull cow prices, and developments in the general economy. Revised milk

production estimates place the 1975 total at 115.5 billion pounds, down just barely from 1974.

Although the continued decline in milk cow numbers was slightly sharper in recent months than in early 1975, it likely will remain small compared with earlier years. Many replacement heifers were on farms on January 1, which will help to bolster milk cow numbers. In addition, off-farm alternatives for dairymen are not expected to improve sharply. These factors may be partially offset by somewhat higher cull cow prices expected by midyear.

Farm milk prices have begun to decline seasonally with farmers receiving an average \$10.20 per 100 pounds of milk in January, down a dime from December but up \$1.87 from last January. Sharper-than-normal seasonal declines are expected in coming months as recent sharp drops in wholesale dairy product prices are reflected in farm milk prices; even so, they will remain well above year-earlier levels. By mid-February, wholesale prices of butter, cheese, and non-fat dry milk were all just slightly above the Commodity Credit Corporation's (CCC) support purchase prices. (James J. Miller)

Egg Production Holding Near 1975

Egg production during January-June 1976 will probably total close to year-earlier levels. The rate of lay will likely continue the upward trend of recent years and average higher than a year ago. Layer numbers should show a small gain this winter but then drop back in the spring. The size of the spring drop will depend heavily on producers' plans for their older hens. If the decision is to cull the old hens instead of force molting them as happened last spring, the drop could be substantial.

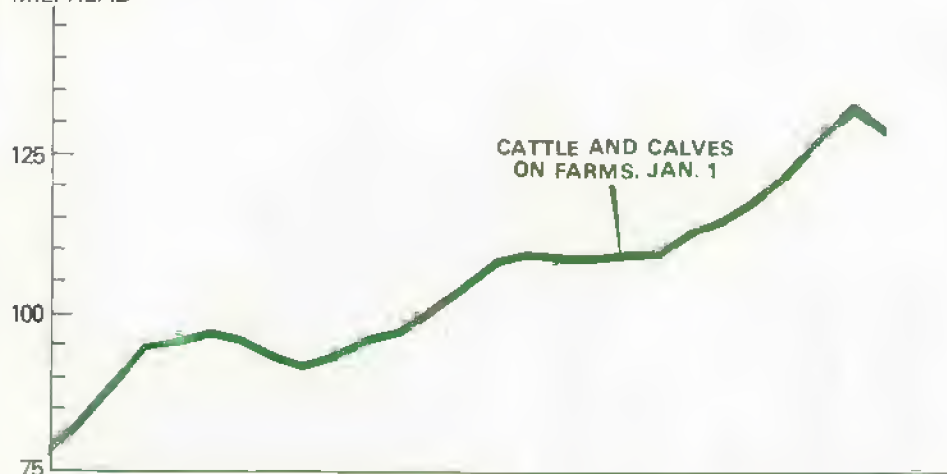
Egg prices probably will be seesawing in coming months, but for the first half they should end up ahead of a year earlier. New York wholesale prices for grade A large eggs averaged 68 cents a dozen in January, 6 cents above last year. Prices fell sharply in late January and early February although they still are well above a year ago. As Easter approaches, prices should strengthen, but after that they probably will show their usual seasonal spring decline. (Gerald R. Rector)

Domestic Feeding Picking Up; Prices Holding

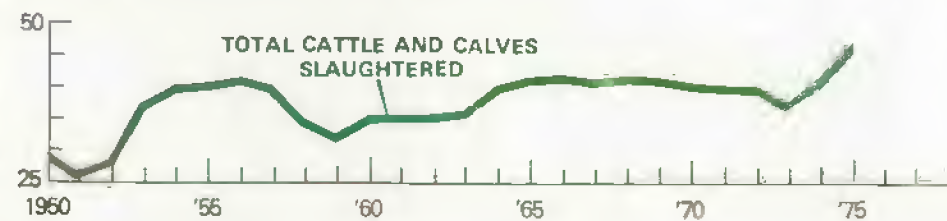
The current expansion in U.S. livestock and poultry feeding—plus an expected 20 to 30 percent gain in exports—should push 1975/76 feed grain disappearance up to almost 200 million short tons, compared with last year's 172 million.

CATTLE INVENTORY DOWN . . .

MIL. HEAD



. . . REFLECTING HEAVY SLAUGHTER



Domestic feed use this year is projected at 125-133 million short tons, more than a tenth above 1974/75. Feed grain exports likely will be at a record-high 48-52 million short tons, up well over a fifth from last year.

Prices of No. 2 Yellow corn at Chicago in mid-February averaged around \$2.70 per bushel, about 35 cents below a year earlier but higher than the harvest lows last fall. There may be some further price strengthening because of stepped-up domestic feeding and continued record large exports. The 1975/76 season-average price received by farmers for corn is estimated at \$2.50 a bushel, about 50 cents less than for the smaller 1974 crop. Prospects for 1976 feed grain production will be a major factor influencing prices during the last part of the 1975/76 marketing year.

Use of high-protein feeds in 1975/76 is expected to be a record 20 million tons because of the large soybean supply along with meal prices that favor liberal use of protein in feed rations. (George R. Rockwell, Jr.)

Poor Weather Causes Concern Over Winter Wheat Crop

Continued dryness, inadequate snow cover, and some soil blowing have heightened concern for the Hard Red Winter wheat crop, which normally makes up two-thirds of the total winter wheat crop. As of December 1, 1975, winter wheat production was forecast at 1.5 billion bushels, down from 1.65 billion bushels harvested last sum-

mer. Planted acreage was up 2 percent last fall, but projected yields were lower. Yields in the most seriously affected five-State area (Colorado, Kansas, Nebraska, Oklahoma, and Texas) were forecast then at nearly 20 bushels per seeded acre, down from 24 bushels last season.

Crop conditions in that area have deteriorated since December. Since wheat plants have been dormant during the winter months, deterioration represents mounting stress on the crop. In this stage, the crop still can benefit from improvement in moisture conditions during the next month or two. The extent of damage can be assessed better in March when plants start to green up.

Condition of soft winter wheat in the Pacific Northwest and Midwest varies from good to excellent—and another bumper crop seems likely. This would offset some of the decline in Hard Red Winter wheat production.

Prospects for the spring wheat crop still look good. Growers earlier reported plans to increase acreage 4 percent. Moisture has been relatively plentiful and planting conditions should be favorable. If growing weather is also favorable, a crop in excess of 500 million bushels may be harvested.

Even if the 1976 Hard Red Winter crop is below the record 1975 harvest of over 1 billion bushels, carryover stocks of Hard Red Winter are expected to grow by nearly a third this summer. Considering the good prospects for other winter wheat and spring wheat and the expected increase in total carryover, the 1976/77 wheat supply may

not be significantly below this year's 2.4 billion bushels. (Frank Gomme)

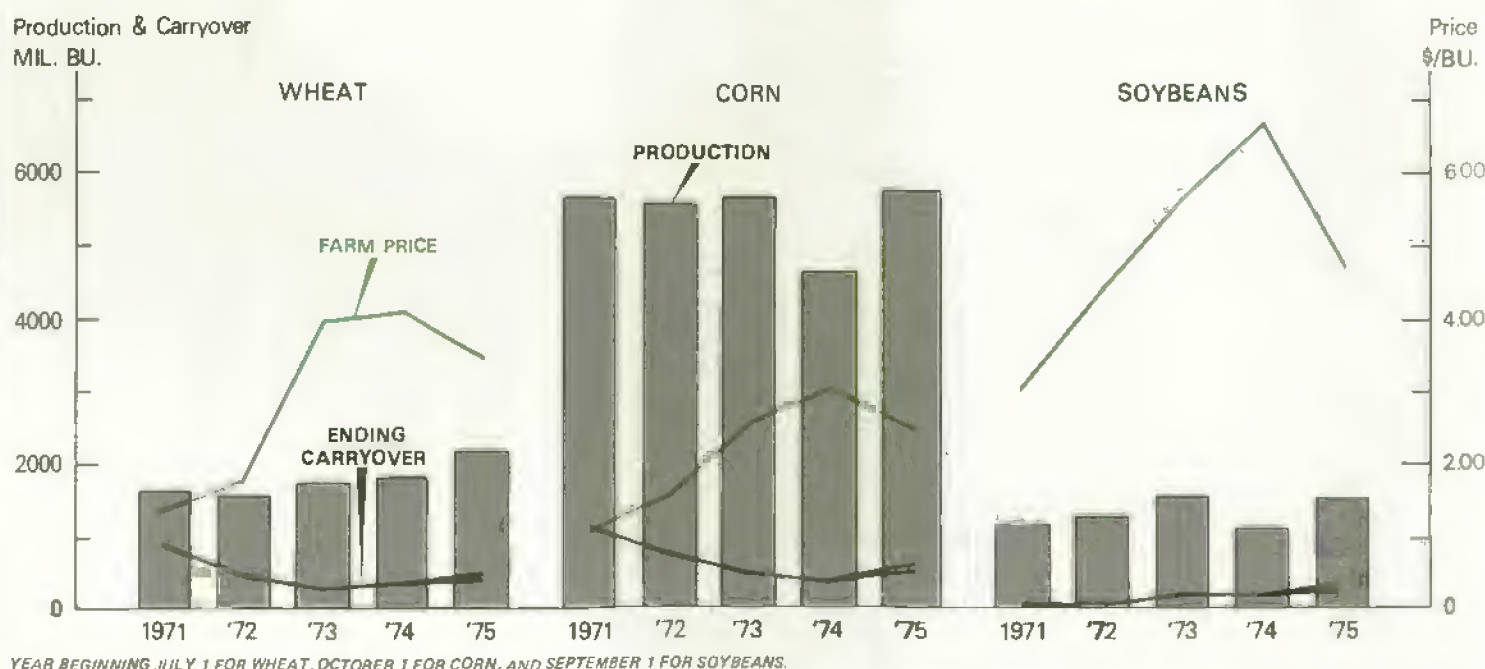
Soybean Use Up Sharply

A big pickup in domestic use of soybean oil and meal—along with an improved outlook for the livestock and poultry industries in Western Europe—are the big factors behind the 15-percent increase now expected in domestic use and exports of soybeans in 1975/76. However, the projected disappearance—roughly 1.4 billion bushels—will still be smaller than available supplies, signaling a buildup in the carryover this coming September to more than 300 million bushels. Soybean prices for the 1975/76 season are estimated to average around \$4.65 a bushel, with crude soybean oil prices for the season averaging about half the 31 cents a pound of last year and 44-percent protein meal prices near 1974/75's \$130-a-ton average.

Domestic use of soybean oil during the current marketing year may total about 7.2 billion pounds, just a little short of the all-time high set in 1973/74 and well above the depressed 6½ billion pounds of last season. Lower oil prices (only about half their year-earlier level in February), smaller supplies of competing domestic fats and oils (especially lard, cottonseed oil, and edible tallow), and the pickup in economic activity have been and will continue to be important factors spurring soybean oil use this season.

Overseas, however, our soybean oil is not faring well. U.S. exports probably will total no more than 0.8 billion pounds in

GRAIN AND SOYBEAN CARRYOVER TO RISE; PRICES WEAKEN



1975/76, at least a fifth below last season. Competition from larger foreign supplies of oilseeds and fats and oils, particularly Brazilian soybeans and Malaysian palm oil—along with reduced P.L. 480 shipments—are bearish factors.

Soybean oil prices (crude, Decatur) declined from 21 cents per pound in October to around 16 cents in February, and heavy stocks are expected to pressure prices for the balance of the season. Soybean oil stocks by next October 1 are expected to climb to over a billion pounds, up from 0.6 billion on October 1, 1975. (S. A. Gazelle)

Larger Cotton Acreage Indicated

With more attractive cotton prices in relation to competing crops, particularly soybeans in the Delta, growers planned to plant over 11 million acres of upland cotton in 1976, based on early season plans reported in January. If realized, this would be 1.6 million acres more than in 1975, but still almost 2½ million below 1974 plantings. However, further improvement in cotton prices since the January survey could encourage a bigger boost in plantings.

If plantings equal acreage intentions, production would be up sharply, especially if yields return to more normal levels. But in view of the relatively low carryover of 3½ to 4 million bales expected this summer, and if yields aren't better than the 441 pounds per harvested acre achieved in 1974 and 1975, tight supplies likely would limit domestic and export use during 1976/77.

U.S. mill consumption of cotton during the current marketing season is expected to total 6.8 to 7.3 million bales, compared with 5.9 million a year ago. However, continuing intense competition from manmade fibers and increasing imports of cotton textile products have combined to limit further recovery in cotton mill use. Cotton prices have risen above manmade fiber prices, a situation which could lead to some competitive losses for cotton later in 1976.

Imports of cotton textile products have picked up sharply in recent months, and during December totaled the equivalent of a record 136,000 bales of raw cotton, more than double year-earlier levels. Most of the increased shipments came from the People's Republic of China, with which we have no textile trade agreements. (R. G. Barlowe)

Canned Vegetables Cheaper

To get canned tomatoes, peas, beets, and snapbeans moving off the retailer's shelf faster, canners have set their case price at about the lowest average level since September 1974. However, even with heavier shipments in the first few months of 1976, canners' and distributors' stocks aren't likely to get

down as low as the end-of-season positions experienced in 1974 or 1975.

The prospective large carryover into the 1976/77 marketing year may mean substantially less acreage will be needed for most processing vegetable crops this year. This will probably result in lower unit prices paid to growers for processing crops, and may mean a lower total value for vegetable crops this year. (Charles Porter and Joseph Combs)

Available Fruit Supplies Generally Larger

The index of prices received by growers for fresh and processed fruit has been declining since last September to 129 (1967=100) in January, 5 percent below a year ago. This was primarily because of lower prices for most noncitrus fruit for processing use, while grower prices for most fresh fruit, including lemons, oranges, pears, and tangerines, in January were reported above year-earlier levels.

Grower prices for most fresh fruit are expected to advance seasonally during the first half of 1976 to levels above a year ago. However, with lower prices for processing noncitrus fruits, overall prices received by growers for fresh and processed fruit during the first half of 1976 are likely to average slightly below year-earlier levels.

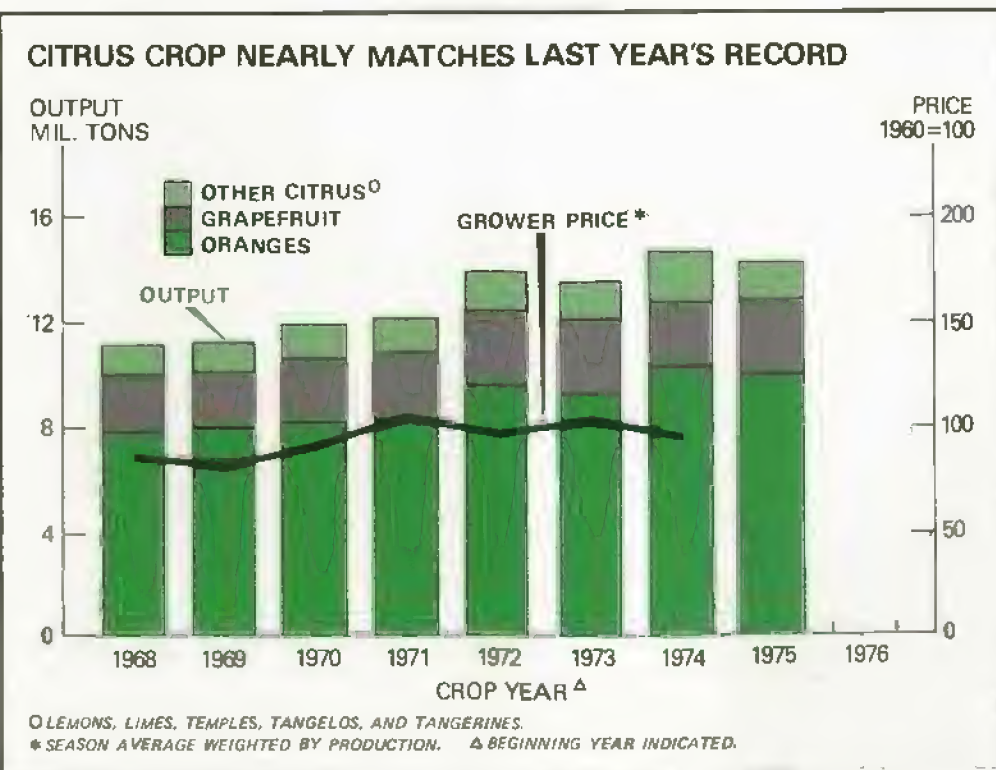
In response to larger supplies, wholesale prices of most processed fruit items have weakened. The BLS wholesale price index for canned fruit has declined steadily since last April and in January was almost 4 percent below the high levels of the preceding year. Available data for some leading items

indicate that January 1 canner stocks were sharply above a year ago. Thus, prices are not expected to advance, but could continue to decrease for some items if movement does not improve. Wholesale prices of canned fruit juice have also weakened, and the January index was slightly below the high levels of a year ago.

The January Wholesale Price Index for dried and dehydrated fruit was moderately lower than a year ago, but the price index for frozen fruits and juices has remained materially above year-earlier levels. With cold storage holdings moderately smaller than a year ago, wholesale prices of frozen fruit will remain firm through spring.

However, as the economic recovery accelerates in the months ahead, demand for processed fruit items could strengthen. Thus, the continued higher cost of marketing combined with increased demand could cause retail prices of processed fruit to remain relatively high during the first half of 1976.

February 1 prospects point to a citrus crop this year nearly as large as the record 14.6 million tons of 1974/75, and much larger than previous years. This year's orange crop was estimated 3 percent smaller than 1974/75 with output down in all producing areas except Texas. The cold weather experienced in California during late December and early January is not expected to reduce the quantity of oranges. On the other hand, grapefruit supplies are expected to be record large in 1975/76. Oranges and grapefruit citrus output. (Andrew Duymovic and Ben Huang)





POLICY DEVELOPMENTS

Dairy Bill Vetoed; Supports Set at 80 Percent on April 1

In late January, the President vetoed a bill passed by Congress which would have increased the price support level for manufacturing grade milk to 85 percent of parity through March 31, 1978, and also would have provided for quarterly adjustments in the support price during that period. An override vote in Congress was not successful.

In early February, Secretary Butz announced plans to set the dairy price support level at 80 percent of parity on April 1, 1976, the beginning of the 1976/77 marketing year. He also indicated that the price support level would be reviewed on a quarterly basis. This could mean an increase of around 40 cents per 100 pounds in the support price for manufacturing milk on April 1, depending on what happens to the Parity Index by the beginning of the dairy marketing year. The current support price is \$7.71 per 100 pounds. Although market prices of manufacturing milk (at \$9.09 in January when adjusted to the annual average fat test) are well above support levels, this action will help to limit seasonal declines in farm milk prices this spring.

The Agricultural Act of 1949 requires that milk be supported between 75 and 90 percent of parity, as the Secretary of Agriculture determines necessary to assure an adequate supply. The parity equivalent price for manufacturing milk at the beginning of the marketing year is used to determine the support price level. (Cecil Davison)

New Law Extends Target Price Concept to Rice Producers

February 1976 saw the passage of the Rice Production Act of 1975, which suspends marketing quotas and penalties for the 1976 and 1977 crops and removes restrictions on rice production. The act establishes an allotment of 1.8 million acres for the 1976 and 1977 crops. A target price base of \$8 per cwt. and a price support loan rate of \$6 per cwt. has been set for those producers who hold allotments. Only the production from allotted acreage will be eligible for price support and deficiency payments. Should the national average marketing price for the first 5 months of the marketing year fall below the target price, deficiency payments will be made. The payment rate will be equal to the target price less the average market price or the loan rate, whichever is higher. Payments (deficiency and disaster) will be limited to \$55,000 per person each year.

Set-aside may be authorized by the Secretary of Agriculture if the prospective rice carryover exceeds 15 percent of the total supply during the marketing year. It has been announced that there will be no set-aside requirements for the 1976 crop. Producers may substitute any nonconserving crop except peanuts, certain kinds of tobacco or ELS cotton, or any conserving crop including improved volunteer cover for rice in order to preserve their rice allotments. If producers choose to substitute other crops for rice, they will still be eligible for deficiency payments, if such payments are required for the 1976 crop. (Frank Gomme)

Impact of Proposed Water Quality Regulations Studied

The Environmental Protection Agency's (EPA) proposed new regulations regarding wastewater runoff would require EPA permits for all operations—regardless of size—which either discharge measurable waste into navigable waters through a manmade drainage ditch, flushing system, or other similar device, or discharge measurable wastes directly into navigable waters which originate outside of and traverse the operation. Currently, EPA wastewater guidelines apply only to operations with 1,000 animal units or more (1,000 beef animals, 2,500 hogs, or 700 dairy cows).

If these proposed regulations are issued, an estimated 94,500 beef, dairy, and hog production facilities may be required to file for a National Pollutant Discharge Elimination System (NPDES) permit. Over 70 percent of these operations have capacities of less than 100 beef animals, 250 hogs and pigs or 70 dairy cows. It is also estimated

that producers would have to invest more than \$200 million in systems to control runoff and that more than a tenth of the producers affected would have to relocate their operations.

The proposed regulations also contain a case by case provision where the EPA regional administrator can decide a feeding operation needs a permit if the operation creates a water pollution problem. If this provision were strictly enforced, an additional 105,000 operations could be affected.

USDA is working closely with the EPA staff to suggest ways to modify the regulations to achieve a balance between maintaining a viable livestock industry and improving water quality. (John Schaub)

Revised Beef Grade Standards Go Into Effect

Revised U.S. grade standards for beef became effective February 23, 1976. The new standards will allow slightly leaner beef to qualify for U.S. Prime and Choice grades. USDA officials expect the new standards will encourage producers to raise leaner beef.

Four major changes are included in the revised standards:

- All beef carcasses graded by USDA will be graded for both quality and yield. Formerly, they could be graded for either quality or yield, or both.

- Conformation (shape of carcass) will be eliminated as a factor in determining the quality grades. This will contribute to a more uniform range of quality within each grade.

- Slight reductions in the marbling requirements (flecks of fat within the lean) will result in slightly leaner beef qualifying for U.S. Prime and Choice.

- The U.S. Good grade has been redefined to make it much more restrictive and more consistent in measuring eating quality. The revised Good grade should appeal to consumers who want to purchase lean, but relatively tender beef.

1976 Burley Quota Reduced

The 1976 national marketing quota of burley tobacco has been set at 630 million pounds—40 million pounds below last year's quota. This 5-percent reduction is the maximum allowed by law and was taken to keep supplies in line with demand. However, effective farm quotas for 1976 are expected to total about 727 million pounds, 3 percent less than last year. This is because special provisions of the burley tobacco program allow the total actual farm quotas in effect in a given year to be greater or smaller than the announced national marketing quota.



INPUTS

At planting time, farmers are facing relatively favorable product prices as well as larger supplies for many of their important inputs. Fertilizer prices are off sharply from a year ago, pesticide prices are generally holding, and fuel costs have edged down slightly since fall. Credit will also be a bit cheaper, as interest rates on nonreal estate farm loans are well under early 1975.

The gains in prices paid by farmers slowed markedly in 1975. In January, prices of production items, interest, wages, and taxes were up only about 6 percent from a year earlier, versus a 12-percent hike during the comparable 1974-1975 period.

Fertilizer Prices Soft

Fertilizer prices this spring are expected to be down considerably—perhaps as much as 25 percent—from prices during the 1975 planting season as supplies are much more ample than a year ago. Some materials could be down as much as 40 percent in the Midwest.

On the supply side, nitrogen production could be somewhat larger in 1976 because of the number of new plants which began operations in 1975. (Two more plants are slated to come on stream in late 1976, which will boost supplies still further next year.) The potential increase in the supply of fertilizer is almost 20 percent more nitrogen in 1976 than actual 1975 use, although at current price levels production increases will probably be limited to about 5 percent. The larger acreages of corn and cotton slated for this year should boost demand for nitrogen over last season's levels.

Phosphate production capacity in 1976 far outstrips U.S. farmers' projected needs. U.S. manufacturers are capable of producing over 9 million tons of phosphates—more than twice farm phosphate use in 1975 and a third more than the 6 million tons projected to be needed for domestic and export use this year.

Potash supplies in 1976 should about match demand. Imports from Canada will supply about three-fourths of our needs this year, with domestic production expected to hold fairly steady. (John F. Gale)

Pesticide Production Up—Prices Holding

The pesticide supply situation continues to improve. Pesticide manufacturers may increase production from a year ago by 10 to 15 percent. Production of herbicides and insecticides is expected to increase about the same as for all pesticides, with lesser gains for fungicides. In addition, the overall inventory situation has improved from a year earlier.

Acreage hikes for certain crops will boost pesticide needs for these crops about in proportion to changes in planted acres. Early season planting intentions for corn, cotton, sorghum, durum, and other spring wheat point to larger plantings, ranging from 2 to 17 percent above a year ago. Soybean acreage is expected to decline by perhaps 5 to 10 percent with a corresponding decrease in pesticide needs. Although cotton acreage is likely to increase, possibly 15 to 20 per-

cent, supplies of pesticides used in cotton production are expected to be adequate. In fact, cotton pesticide supplies should be close to 1974 levels when farmers planted 13.7 million acres.

Manufacturers' pesticide prices have averaged about 5 percent above a year earlier. However larger supplies are holding retail pesticide prices near year-earlier levels, and in some cases prices are down slightly. (Paul Andrienas)

Feed Prices Below A Year Ago

Feed prices at the beginning of 1976 have declined from last autumn and were around 9 percent below last January's level. Among the major livestock feeds, only hay prices were running above year-earlier levels. However, average feed prices did rise around 1 percent from December to January with hay and feed grains accounting for most of the rise.

Commercial feed sales increased steadily during January and early February spurred by cold weather and feeder optimism. However, warm, open weather in many areas of the country during mid-February resulted in some short-run cutback in feeding.

Domestic utilization of grains and high-protein feeds is expected to be up substantially this year over last year's depressed levels. Feed grain and soybean meal used in livestock feeding are likely to be up 10 to 15 percent in 1975/76 over year-earlier levels. (Carl Vosloh, Jr.)

FEED PRICES PAID BY FARMERS

Item	1975				1976
	Jan	June	Sept	Dec	Jan
	Dol.				
Laying feed (ton)	160	144	149	143	143
Broiler grower feed (ton)	176	162	164	160	158
Turkey grower feed (ton)	178	165	170	165	165
Dairy feed, 16% protein (ton)	148	130	135	134	136
Hog feed, 14-18% protein (cwt.)	8.84	8.01	8.27	8.04	8.01
Beef cattle conc., 32-36% protein (cwt.) ¹	8.60	7.87	8.18	8.15	8.14
Soybean meal, 44% protein (cwt.)	9.86	8.48	9.24	8.74	8.81
Wheat bran (cwt.)	8.00	7.12	7.11	7.26	7.36
Corn meal (cwt.)	7.80	6.92	7.23	6.56	6.55
Alfalfa hay, baled (ton)	66.60	67.20	63.30	66.60	68.40
	1967=100				
Feed price index (pct.)	202	183	187	181	183

¹ In 1975, cattle feed, 30% protein and over.

Interest Rates Ease On Operating Loans

Interest rates on nonreal estate farm loans have declined from the peaks reached in early 1975 and currently appear to be leveling out. Rates charged by commercial banks are down considerably. Rates of rural banks, while fluctuating less than those of large commercial banks, have also declined from the 1975 average of about 9 percent. Interest rates charged by Production Credit Associations (PCA's) were at 8.5 percent in January 1976, down more than 1 percentage point from the peak of 1975.

The decline in PCA rates is a reflection of the reduction in the cost of money in the central money markets, where PCA loan funds are obtained. For example, the prime rate charged by major commercial banks in early February was about 6.5 percent, down from a high of around 12 percent reached in mid-1974.

Banks furnish about half of the total operating loan funds used by farmers, while PCA's provide about 30 percent. This decline in the rates charged by the major lenders significantly affects the total interest charges paid by farmers on their operating loans. (Philip Allen)

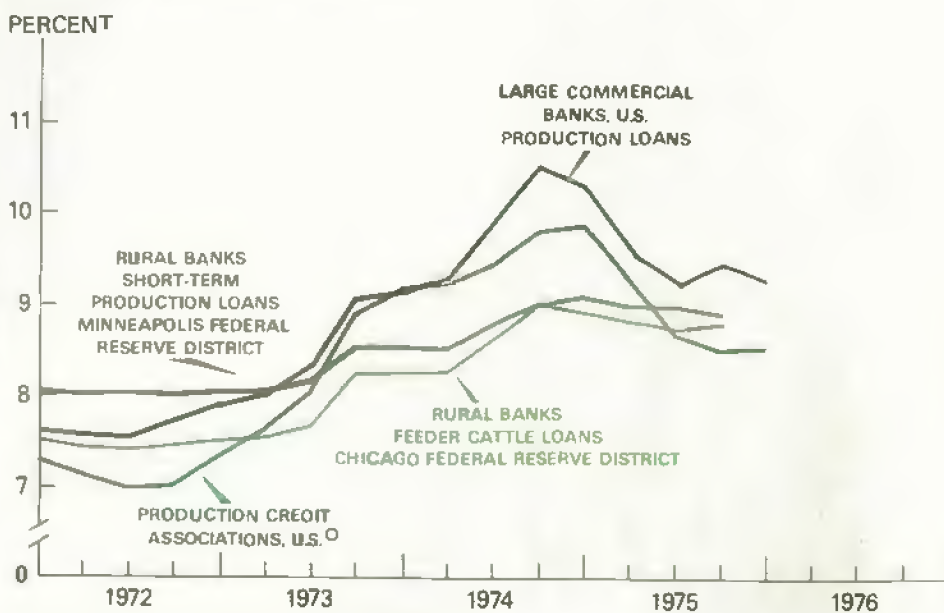
No Fuel Shortage Threat

Fuel supplies, in general, will pose few problems for farmers this year. Gasoline and diesel supplies are plentiful, and prices are sliding as much as 1 to 2 cents per gallon from those paid in the fall. Propane stocks are adequate due largely to a relatively mild winter, which enabled public utilities to meet peak customer demands without having to supplement natural gas with large quantities of LP gas. Deregulation of natural gas would increase the delivered price of gas to farmers, but it should encourage exploration, increase supply, and prolong farm use of natural gas for irrigation, brooding, and other production purposes. (Earle E. Gavett)

New Machine Safety Guarding Standard Issued

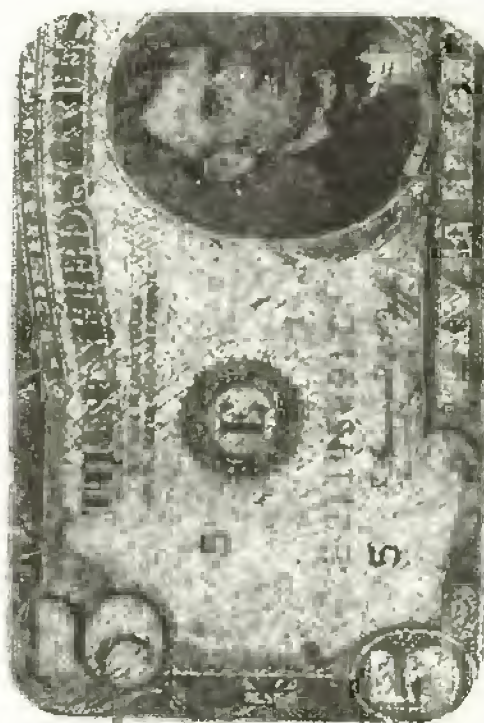
A new safety standard for power take-offs and belt and chain drives on farm machinery operated by hired employees is expected to be issued in early March by the Occupational Safety and Health Administration and will go into effect within 90 days. During the intervening period, OSHA will conduct an educational program for the Nation's agricultural employers. Educational material will be available through such agencies as USDA's Agricultural Stabilization and Conservation Service and the Extension Service. (Conrad Fritsch)

INTEREST RATES LEVEL OFF*



RATES ARE AS OF THE FIRST WEEK OF THE QUARTER.

* NON-REAL ESTATE NEW LOANS (FARM). ○ INCLUDING SERVICE FEE.



GENERAL ECONOMY

The fiscal 1977 budget proposed to Congress reflects a dramatic slowing in the rate of increase in federal expenditures, a broad consolidation of domestic programs, special corporate tax incentives to create jobs in high-unemployment areas, and further individual and corporate tax cuts. The goal of the proposed budget is to promote the Nation's economic recovery without accelerating inflation.

The new budget proposes a 5½-percent

increase in Federal expenditures in fiscal 1977 compared with an estimated increase of 15 percent in fiscal 1976. At the same time, total revenues are slated for a sharp rise of 18 percent compared with 6 percent in fiscal 1976. The net impact of the budget is to reduce the Federal deficit from an estimated \$76 billion in fiscal 1976 to \$43 billion in 1977.

The fiscal 1977 budget, with total outlays of \$394 billion, asks Congress to accept the \$28-billion-a-year reduction in individual and corporate taxes outlined last October tied to dollar-for-dollar cuts in Federal spending. The proposed tax reductions would be permanent and would become effective July 1, 1976. The reductions would be about \$10 billion larger at an annual rate than those effective in the first half of 1976. They would reduce receipts by about \$28 billion in 1977 relative to current programs, with about three-fourths of the reductions going to individual taxpayers and one-fourth to corporations.

Total 1977 outlays for farm income and research programs are budgeted at \$1,729 million. This includes proposed increases for research to improve production efficiency and for pest and disease eradication. The current farm policy strives to permit market forces—rather than government—to indicate levels of crop production, while still protecting producers against severe price declines. Further reductions in farm income stabilization programs next fiscal year are contingent on enactment of the Administration's proposal to substitute an expanded crop

insurance program for disaster payments and to change the price support program for peanuts. Projected 1977 outlays for these mandatory programs for agriculture are \$524 million.

Other budget items of importance to the food and fiber sector include spending for the food stamp, school lunch, and other nutrition programs. In fiscal 1976, about \$8.2 billion was expected to be spent on these programs. However, if proposed modifications become effective, the 1977 budget for these programs would be reduced to around \$7.0 billion.

The submitted budget also proposes the following changes:

- Changes in estate-tax laws to make it easier for small farmers and small businessmen to bequeath their assets to future operators. The proposal would permit the heirs of small estates to defer their initial estate-tax payment for 5 years beyond the date it would otherwise be due. After the 5-year period, the tax could be paid over the next 20-year-period at a 4 percent annual interest rate.

This change would apply in full only to estates up to \$300,000 of taxable value of a family farm or business. Between \$300,000 and \$600,000, there would be a dollar-for-dollar reduction in the value qualifying for the payment deferral and the extended payment provisions. For estates of over \$600,000, the proposed changes in the 1977 national budget would not provide any tax benefits.

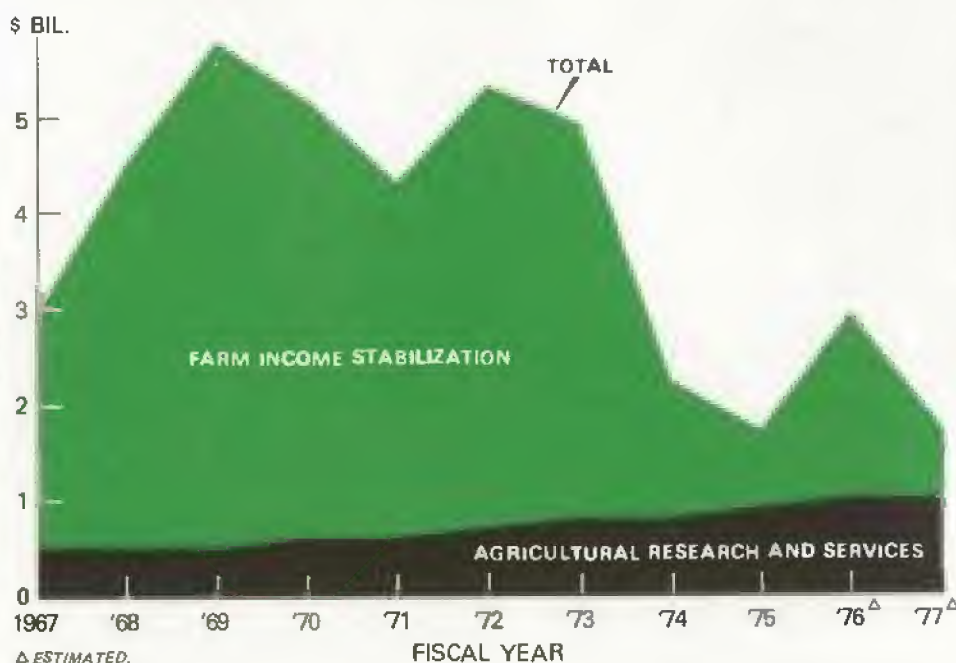
At present, taxes on small estates may be spread over only 10 years; a 7-percent interest charge is assessed on the deferred payments.

- Accelerated depreciation for corporate construction of plants and purchase of new equipment in areas where the unemployment rate last year averaged 7 percent or more.

- The authority to consolidate and modify such welfare programs as those providing food stamps and aid to families with dependent children. The consolidation of 16 Federal health programs, including Medicaid, into one \$10-billion block grant to the States; the consolidation of 27 Federal education programs into a \$3.3-billion block grant which would be administered by the States.

- An increase of 0.3 percentage point to 6.15 percent in the Social Security payroll taxes for employers and employees, effective January 1, 1977. This would raise the combined employer-employee social security tax rate from 11.7 percent to 12.3 percent and increase receipts by \$3½ billion in 1977. (Terry Barr)

FARM PROGRAM OUTLAYS DOWN



U.S. BUDGET¹

Item	Outlays in fiscal—			Share of total outlays in fiscal—		
	1975	1976	1977	1975	1976	1977
	actual	estimated	proposed	actual	estimated	proposed
	Billion dollars			Percent		
National defense	86.6	92.8	101.1	26.7	24.8	25.6
Income security	108.6	128.5	137.1	33.5	34.4	34.8
Interest	31.0	34.8	41.3	9.6	9.3	10.5
Health	27.6	32.1	34.4	8.5	8.6	8.7
Commerce	16.0	17.8	16.5	4.9	4.8	4.2
Veterans	16.6	19.0	17.2	5.1	5.1	4.4
Education	15.2	18.9	16.6	4.7	5.1	4.2
Agriculture	1.7	2.9	1.7	.5	.8	.4
General government	3.1	3.5	3.4	1.0	.9	.9
Law enforcement	2.9	3.4	3.4	.9	.9	.9
Community and regional development	4.4	5.8	5.5	1.4	1.6	1.4
International	4.4	5.7	6.8	1.4	1.5	1.7
Space	4.0	4.3	4.5	1.2	1.2	1.1
Natural resources	9.5	11.8	13.8	2.9	3.2	3.5
Other ²	-7.1	-7.8	-9.1	-2.1	-2.1	-2.3
Total outlays ³	324.6	373.5	394.2	100.0	100.0	100.0
Total revenues	281.0	297.5	351.3	—	—	—
Deficit	43.6	76.0	42.9	—	—	—

¹ Outlays include expenditures and net lending and trust funds. ² Revenue sharing, general purpose fiscal assistance, allowances,

and undistributed offsetting receipts.

³ Totals may not add due to rounding.



WORLD AGRICULTURE AND TRADE

The world economy appears poised for an economic recovery this year, following a slump in real gross national product in virtually all major industrial countries in 1975. Japan alone eked out a marginally positive growth rate. Overall weighted economic growth is estimated to have fallen about 2 percent among the industrial countries last year. The seven nations—including the United States—that account for over four-fifths of the value of total economic activity among industrialized nations experienced more severe declines in 1975 than other countries.

The anticipated growth in economic activity during 1976 (5 percent in Canada and Japan, slower rates for the European countries) should boost import volume, but not enough to offset the unprecedented 1975 decline in world trade. In the first half of 1975, nonpetroleum imports of all the industrialized countries fell 22 percent in volume from a year earlier. Trade between industrialized countries should rise in 1976, but the full effects of the economic upswing will not be passed on through the trade sector. Though the members of OPEC (Organization of Petroleum Exporting Countries) will continue to buy more from developed

countries, the growth rate likely won't match the 50-percent increase of 1975.

Inflation is slowing in most developed countries and by late 1975 was averaging about 10 percent annually for the developed countries as a whole. However, Italy and the United Kingdom still suffered from extremely high rates. Forecasts are for generally lower inflation rates in 1976. Unemployment may continue high since any reduction will lag behind growth in industrial production. As employment does rise, the labor force may also grow as previously discouraged job seekers re-enter the job market.

Prospects Gloomy For Many LDC's

The LDC's (less developed countries) felt the repercussions of the economic recession in developed countries, which take three-fourths of their exports. The volume of exports from the nonpetroleum-exporting LDC's fell in 1975 after having grown slightly in 1974. Financial constraints curtailed imports by the LDC's last year and may force another contraction in 1976. Although the demand for the exports of the LDC's will grow, the prospects for rising product prices are poor. Even the recent

ECONOMIC INDICATORS IN MAJOR FOREIGN MARKETS

Country	Unemployment ^{1 2 3}				Real Growth in GNP		Change in industrial production ^{1 3}			Change in consumer prices ^{1 3}		
	Number	Change in Number unemployed			1974	Est. 1975	Last month ³	Last 12 months	1974 ⁴	Last month ³	Last 12 months	1974 ⁴
		Last month ³	Last 12 months	1974 ⁴								
1,000	Percent											
Japan	940 (8)	8.0	27.0	53.7	-1.8	1	1.6 (9)	-8.7	-14.9	-0.6 (11)	8.8	21.5
Germany	1,006 (9)	-2.4	80.6	94.7	.4	-3	1.1 (10)	-4.2	-7.9	.3 (11)	5.4	5.9
Canada	586 (9)	-5.9	36.0	16.6	2.8	-1	-1.9 (9)	-6.3	-1.1	.9 (11)	10.4	12.4
United Kingdom ...	1,021 (9)	3.7	66.6	⁵ 38.2	.1	-2	.8 (9)	-7.6	-2.8	1.4 (10)	25.8	19.2
Netherlands	196 (9)	1.0	51.9	38.2	3.3	-2	.9 (10)	-5.7	-10.2	.9 (10)	9.9	10.9
Italy	⁶ 648 (7)	⁶ -9	⁶ 17.6	⁶ 3.2	3.4	-4	-19.6 (8)	-21.8	-8.2	1.1 (10)	12.1	24.5
France	946 (9)	18.7	77.2	56.8	3.9	-2	-.9 (9)	-10.7	-5.0	.8 (10)	10.2	15.2
Spain	244 (6)	0	80.7	51.9	5.0	-1	-6.2 (8)	-11.7	.7	1.6 (9)	17.4	17.9
Belgium	186 (9)	6.9	77.1	37.3	4.0	-2	20.3 (9)	-4.3	5.8	1.1 (11)	11.2	15.7
Korea	505 (12)	7.0	19.1	19.1	8.7	.5	3.7 (9)	21.4	10.1	1.2 (10)	30.3	26.0

¹ Numbers in parentheses indicate month for latest available data: for example, (8) = August 1975. ² Definitions of unemployment vary significantly from country to country and therefore are not comparable with each other. ³ Unemployment and consumer price data are not seasonally adjusted. Industrial production data are seasonally adjusted. ⁴ December to December change. ⁵ No December figure published by the United Kingdom due to labor strife. December

unemployment figure estimated by ERS as mid-point between November 1974-January 1975 figure. ⁶ Data collected first week in each quarter; in this particular case, the third quarter of 1975. Change during last month is one-third of change from second to third quarter. Change during last 12 months is from the third quarter 1974 to the third quarter 1975, and in 1974 is for fourth quarter 1973 to fourth quarter 1974.

activity in commodity agreements and organizations will probably not alter the supply and demand relationships for primary commodities in the near future. This means that even with declining imports, the LDC's will be faced with continued high trade and payment imbalances that either will force an increasing dependence on foreign aid, lower their standard of living, or both.

The current account deficit (including balances on trade, services, private transfers, and official grants) of the nonpetroleum-exporting LDC's in 1975 was estimated at \$35 billion. Multilateral financing sources, especially the World Bank and the International Monetary Fund, have pledged a lot more aid in the form of expanded regular drawings and new concessionary aid facilities. While the more dynamic of the LDC's will manage to grow as financing from private banking sources is made available and as exports expand, the outlook for the poorest LDC's is gloomy. As a group, the 41 nations in this category—which include over one-fourth of the world's population—registered no real economic growth in fiscal 1975, and only marginal growth is projected in the next few years. (Eileen Manfredi)

U.S. Farm Exports of \$22 Billion Expected for Fiscal 1976

U.S. farm products continue filling tables and feed troughs around the world at record levels while tipping our trade balance into the black. Exports of about \$22 billion are expected for fiscal 1976, up from \$21.6 billion in fiscal 1975 and almost four times the value of fiscal 1969 exports. Export volume of major agricultural commodities should total about 105 million metric tons—moderately above the previous records of fiscal 1974 and over a fifth above 1975's total.

The U.S. agricultural trade balance for fiscal 1976 is expected to be around \$12 billion, the largest surplus ever. Imports are projected at around \$9.8 billion, up slightly from fiscal 1975's \$9.6 billion. Farm commodity imports that do not compete with domestically produced items will increase sharply in value, principally because of price increases for coffee and bananas. Competitive imports are expected to decline in overall value, although live animal and meat imports will show gains. Import value increases are also anticipated for cheese, edible nuts, vegetables, wines, and malt beverages.

Shipments to the Soviet Union will show the greatest value increase in fiscal 1976—and smaller gains are also slated to Eastern Europe, North Africa, South Asia, and to Southeast and East Asia (excluding the PRC—People's Republic of China). Lower prices

will cause a drop in the value of U.S. agricultural exports to Western Europe, but export volume will be greater. We expect the value of our export sales to the Western Hemisphere and West Asia will also fall this year. Shipments to the PRC are unlikely to exceed \$2 million, compared with the fiscal 1975 total of \$335 million.

The total value of U.S. grain and feed exports during fiscal 1976 is now expected to reach \$12.5 billion. Unit prices will average lower for grains, soybeans, and oilseed products, but wheat and feed grain exports are expected to reach record vol-

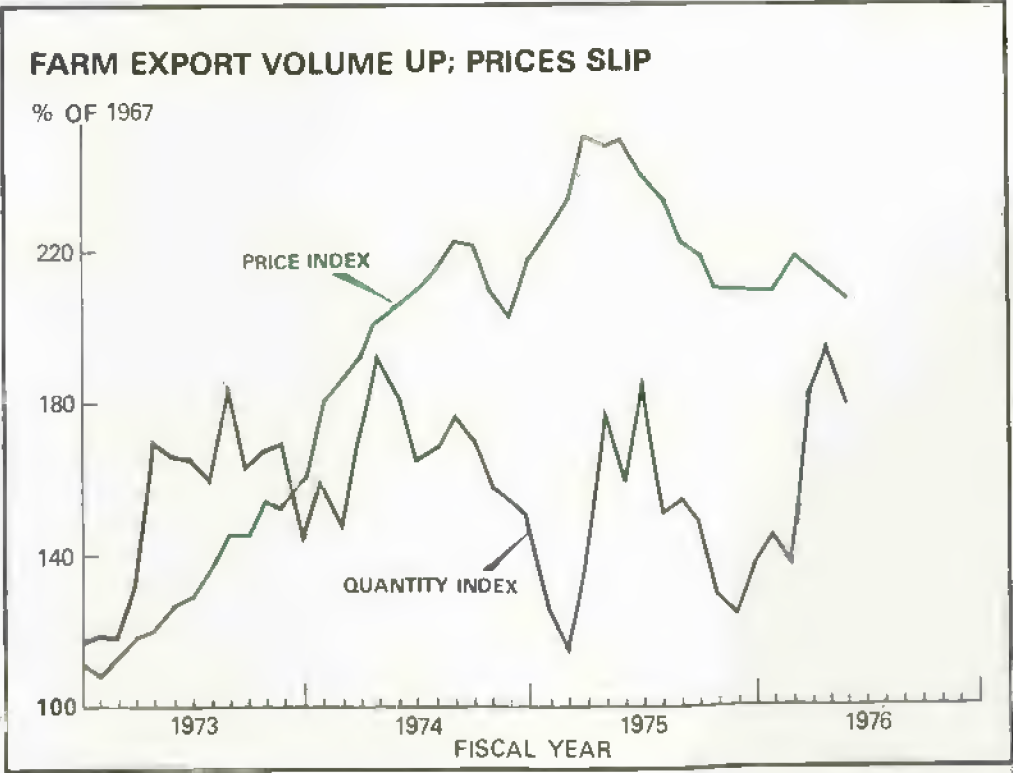
umes of over 36 million and over 44 million metric tons, respectively. And soybean exports could reach fiscal 1974's record of 14 million tons. Cotton, tobacco, and oil-cake and meal exports should remain near fiscal 1975 volumes, and rice and vegetable oil shipments will decline.

Much of the projected increase in total value of U.S. exports can be attributed to the significant volume of sales to the USSR and Eastern Europe. The dollar value of wheat and feed grains shipped to these destinations in the first 6 months of fiscal 1976 exceeded \$1 billion, compared with \$630

U.S. AGRICULTURAL EXPORTS

Commodity	Fiscal years		
	1974	1975	1976 ¹
Billion dollars			
Grain and feed	10.81	11.54	12.5
Oilseeds and products	5.22	4.85	4.2
Livestock and products	1.57	1.44	1.5
Fruits and vegetables	1.07	1.18	1.3
Dairy products .....	.07	.14	.1
Poultry products .....	.14	.14	.2
Tobacco .....	.81	.91	.9
Cotton, including linters	1.31	1.03	.9
Sugar and tropical products .....	.29	.36	.5
Total ²	21.29	21.58	22.1

¹ Forecast. ² Totals may not add due to rounding.



million for all of fiscal 1975. The value of U.S. wheat exports has also been bolstered by increased sales to Latin America and Western Europe. These significant first-half increases have more than offset the \$585 million decline in the value of wheat exports to Asia during the same period.

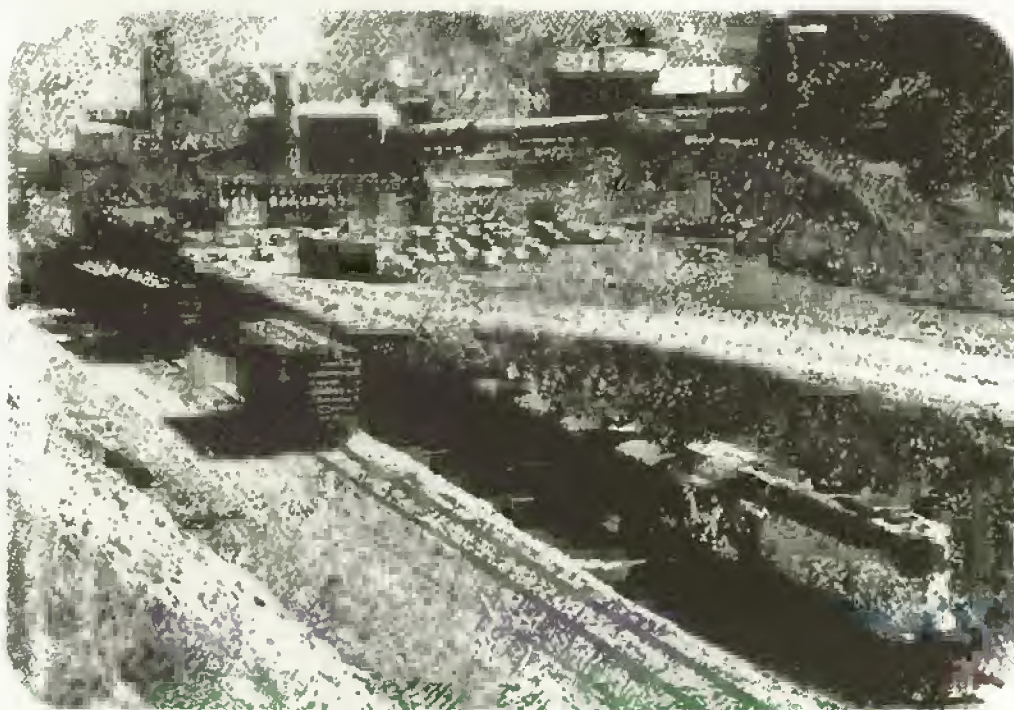
The value of corn and sorghum going to Western Europe during the first half totaled \$1.1 billion, up from \$862 million for the same period of fiscal 1975. The value of rice exports is down this year most notably to Asia, reflecting the region's overall excellent production. In the first 6 months of fiscal 1976, our rice sales to Asia reached only \$174 million, compared with \$317 million for the first half of fiscal 1975. Nevertheless, rice exports are expected to recover sufficiently during the second half to push the total for the year as a whole to over \$600 million.

The value of U.S. exports of oilseeds and products is now forecast to fall almost 15 percent from the fiscal 1975 level. Although increased quantities of soybeans are expected to be shipped (up about 27 percent), soybean meal and soybean oil exports likely will decline 2 and 44 percent, respectively. The declines in the quantity and value of vegetable oil exports reflect the heightened competition from foreign palm, coconut, and soybean oils.

Increased shipments and unit values of beef, veal, and pork to Japan are responsible for the expected increase in livestock and livestock products to almost \$1.5 billion for fiscal 1976. Poultry sales to foreign markets are now projected at \$190 million, up over 40 percent from fiscal 1975. Increased exports of live poultry and poultry meat to Canada, the European Community (EC), and Japan—as well as expanded shipments of eggs to Japan—have boosted sales recently.

Increased sales of nuts and preparations, fresh vegetables, dried fruits, and fresh citrus are credited for the projected 12-percent gain in the value of fruit and vegetable exports. Low levels of nonfat dry milk shipments are primarily responsible for the expected 6-percent decline in dairy export value.

The projected value of tobacco exports is still expected to exceed that of fiscal 1975, but because of some slippage in sales volume (about 7 percent), we probably won't reach the billion-dollar mark. Overseas sales of U.S. cotton are currently projected at about \$900 million, off 13 percent from fiscal 1975. Improved U.S. price competitiveness and rising foreign demand since fall have boosted sales significantly in recent weeks. Shipments to Japan—traditionally our largest foreign market—are expected to pick up in the months ahead. (Sally Breedlove)



ENERGY REQUIREMENTS IN THE U.S. FOOD SYSTEM

by R. Thomas Van Arsdall
National Economics Analysis Division
Economic Research Service

The U.S. consumer has become increasingly aware of the impact of energy shortages and rising energy costs on utility bills and gasoline prices. However, much less obvious to consumers are the secondary impacts of higher energy costs as reflected in the prices of food and other goods and services. When taken as an aggregate, this "embodied" energy often exceeds the quantity of energy used directly by the consumer. Embodied energy is the energy required to produce, manufacture, transport, and distribute a good or service.

Food and kindred products represent a vital 16 percent of consumer's total purchases. When examining the energy required to produce food products, it is insufficient to focus entirely on energy use at the farm production stage. Energy is consumed during the extraction of raw materials, in the manufacture of farm inputs (fertilizer, farm machinery, feed, pesticides, petroleum products), in processing, and in the distribution of food products. The accompanying diagram masks the complexities of our food system, but it does illustrate the basic energy utilization.¹

¹For a more detailed flow diagram, refer to: *The U.S. Food and Fiber Sector: Energy Use and Outlook*, prepared by the Economic Research Service, USDA, for the Subcommittee on Agricultural Credit and Rural Electrification, of the Committee on Agriculture and Forestry, U.S. Senate, September 20, 1974, p. 3.

Food System Uses a Tenth of Total Energy

The U.S. food system required 6,200 trillion Btu's of energy in 1970, or about 10 percent of this nation's total energy consumption. Over half of the energy was needed *beyond the farm gate*, in processing, marketing, and distribution. It has been estimated that food system energy use will expand about a tenth during the decade of the 1970's.

The type of energy used is very important, given the present and future supply levels, price ranges, political implications, and desirability attributes associated with each. Energy is required for internal combustion engines, space heat, light, power, process heat, and feedstock. A different range of flexibility in terms of energy substitution—for example, coal for gas—is associated with each category.

Approximately half of the energy consumed in the food system is petroleum, and another 30 percent is natural gas. Almost 90 percent of the energy used in the manufacture of fertilizer and other inputs is natural gas. For many purposes this fuel is the most desirable and least expensive alternative. Yet natural gas users are faced with an uncertain supply-price outlook.

Gasoline and diesel fuels for tractors, combines, and other farm machinery comprise four-fifths of the direct energy requirements for crop and livestock production. Much of the crude petroleum from which these fuels are refined originates from unstable foreign sources.

ESTIMATES OF ENERGY USE IN U.S. FOOD SYSTEM ¹

Function	Gasoline	Diesel	Distillate fuel oil	Residual fuel oil	LP gas	Natural gas	Electricity	Coal	Other	Total	Share of total
	Trillion Btu's										Pct.
Farm production	503.2	373.9	—	—	124.2	—	50.2	—	—	1,051.5	16.9
Food processing industries . .	10.4	—	91.5	133.2	24.9	979.5	626.2	205.9	8.3	2,079.9	33.6
Marketing and distribution .	120.4	1,202.8	—	—	—	—	—	—	—	1,323.2	21.3
Input manufacturing	1.8	—	22.7	26.2	5.2	1,481.8	185.0	14.0	8.7	1,745.4	28.2
Total	635.8	1,576.7	114.2	159.4	154.3	2,461.3	861.4	219.9	17.0	6,200.0	100.0
	Pct.										
Share of total	10.3	25.5	1.8	2.6	2.4	39.7	13.9	3.6	.2	100.0	—

¹ Data are for 1970.

Source: Adapted from *The U.S. Food and Fiber Sector: Energy Use and Outlook*, prepared by the Economic Research Service, USDA, for the Senate Committee on Agriculture and Forestry, Sept. 20, 1974.

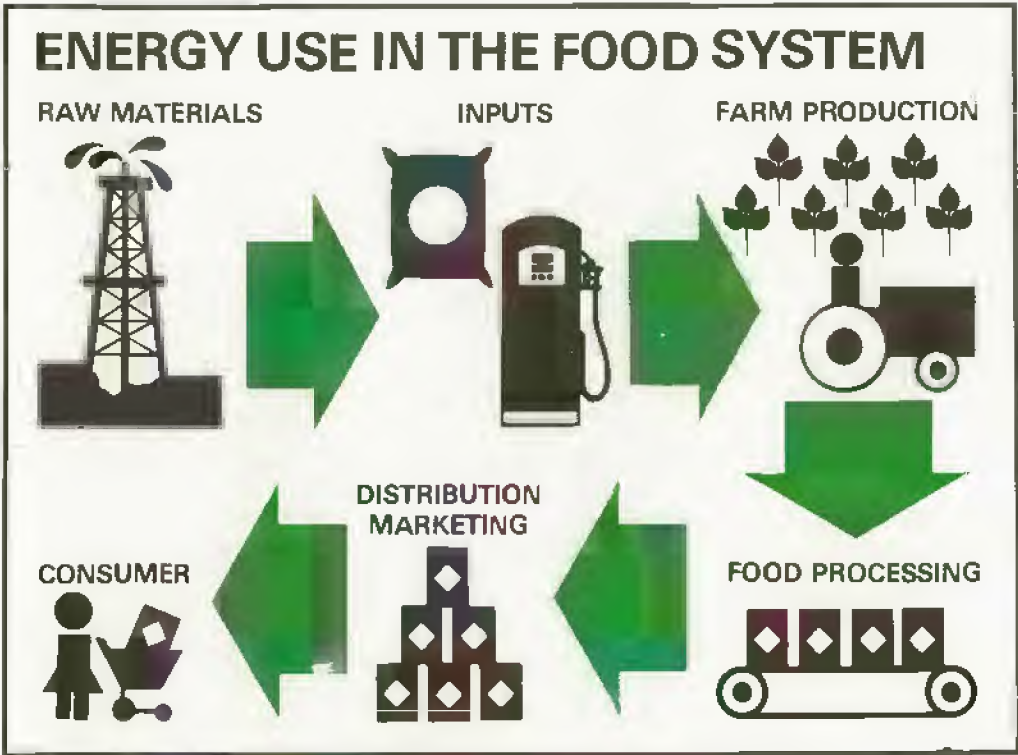
Electricity is a secondary form of energy which has many applications throughout the food system. The dependence of power generation on a given fuel varies from region to region. The cost and supply outlooks for electricity are influenced heavily by the fuel mix. For example, Northeast utilities rely heavily upon imported fuel oil, while almost all power plant boilers in the Gulf States are fired with natural gas.

Direct and Indirect Energy Use Included
 This analysis attempts to account for all energy—both direct and indirect—required to produce a good or service from the “mine mouth” to the time it reaches the consumer. Direct energy in the food system embraces that consumed during the manufacture of farm inputs, in farm production, in food processing, and in marketing and distributing the final product. Indirect energy encom-

passes energy used in such activities as producing steel for tractors or food processing plant structures and manufacturing of food packaging materials. Energy required in the use or consumption of a commodity or service such as home cooking, refrigeration, or electricity to operate household appliances is not included. Also, the energy required to manufacture fuels and electricity purchased by consumers is not included in this analysis. The calculated “energy intensity” represents how many Btu’s of energy are required to produce each dollar’s worth of good or service purchased by consumers.

The measurement of direct and indirect energy requirements for selected goods and services was accomplished through input-output analysis. This technique measures the interindustry (among sectors of the economy) transfer of goods and services required to satisfy the total economy. The output of one subsector may become the input of other subsectors. A University of Illinois study interfaced the input-output structure with direct energy transactions data to obtain the total energy intensity of the output of each subsector.²

The results of this study reveal energy use through the manufacturing stage. Data from the U.S. Department of Commerce were



² Herendeen, Robert A. and Clark W. Bullard III, *Energy Cost of Goods and Services, 1963 and 1967*, CAC Document No. 140, University of Illinois, Urbana, Ill., Nov. 1974.

adapted to estimate energy use in the marketing and distribution stages.³

In developing the comparative energy requirements for selected food industries, the detailed information was not available to allow a breakdown beyond the processing stage. Consequently, these data include energy consumed through the food processing stage, but do not include energy used in distributing and marketing.

The most recent data available on physical energy relationships are based on 1967 technology. Adjustments have been made to reflect 1975 production prices and energy costs. However, it was not possible to calculate the effects of new technology on changes in energy requirements. The average energy price of \$2.33 per million Btu's used in this study is based on a mix of all energy forms used, with lower costs of coal and natural gas balanced against more expensive petroleum products and electricity.

Food Industry High User of Energy

The energy requirements of the food system are generally higher than in many nonfood and service industries. While energy charges normally range from 4 to 10 percent of the cost of a consumer product, food and kindred products average almost 8 percent. The consumer is likely to be affected by future increases in energy prices more so in food and kindred products than in many other groups, especially in light of the 16-percent share of final demand represented by these items.

Some of the increases in energy costs will be offset by improved efficiencies in the use of energy. For example, farmers already have made progress in coping with rising energy costs through use of minimum tillage techniques and by switching to fuel-conserving diesel tractors. Nine out of every 10 new tractors purchased in 1974 were diesel powered. A diesel tractor uses approximately 73 percent as much fuel as a gasoline tractor in performing equivalent work. When combined with the fact that the diesel fuel cost per gallon is about two-thirds that of gasoline, the farmer saves as much as half of his fuel costs. Continued conservation efforts throughout the food system will act to lessen the adverse impact of increased energy costs upon food prices.

Energy and Labor Costs in Prospective

The importance of the energy cost component should be placed in proper perspective. Labor inputs frequently represent 50

³U.S. Dept. of Commerce, "The Input-Output Structure of the U.S. Economy: 1967," *Survey of Current Business*, Interindustry Economics Division, Washington, D.C., Feb. 1974, pp. 24-56.

ENERGY REQUIREMENTS-SELECTED CONSUMER GOODS AND SERVICES

Industry Group	Share of consumer expenditures Pct.	Btu's required per dollar of final demand ¹ No.	Energy Cost per consumer dollar of final demand ² Dol.
Transportation	1.7	44,033	0.103
Motor vehicles and equipment	2.9	38,431	.090
Household appliances . . . . .	.8	38,351	.089
Drugs, cleaning, and toilet preparations	1.9	35,324	.082
Hotels, personal and repairs, services, incl. auto	3.5	34,568	.081
Food and kindred products	16.0	33,871	.079
Household furniture	1.0	28,565	.067
Wholesale and retail trade	16.7	21,766	.051
Apparel and leather products	5.1	21,603	.050
Finance, insurance, real estate, and rental	15.6	11,026	.026
Subtotal	65.2	24,806	.058
Other industries	34.8	22,500	.052
U.S. Total (excluding purchased fuels and electricity)	100.0	24,000	.056

¹Thirty thousand Btu's can be thought of as equivalent to one-fourth gallon of gasoline or 30 cubic feet of natural gas. ²Based on a national average price of \$2.33 per million Btu's.

percent of the price of goods and services. If energy prices double, average food prices would rise around 8 percent. The same food price rise would result from a 16-percent increase in labor costs. The increases in wage rates over the past decade have approached the average rate of change in energy prices. BLS data indicate that since 1967, fuel and utility prices have risen 69 percent, while wage rates have increased 60 percent.

Faced with an energy-labor trade-off, the entrepreneur still will opt for energy. Any move to replace energy inputs with labor may result in costs rising even faster.

Food Subsectors Comparison

The "food and kindred products" industry is too aggregated to have much meaning to consumers. The shopper thinks more in terms of meat, dairy products, cereals, baked goods, fruits, and vegetables. Purchases are composed of a mix of goods as determined by factors such as buying power, taste, and convenience. Selections within each category are made regarding the type and extent of processing which the item has undergone

(fresh, canned, frozen).

The products shown in the table presenting energy data for selected food industries represent about 80 percent of the total food and kindred product mix which moves to final demand.

Over 15 percent of the cost of processed sugar is tied to energy, making this product the most energy dependent of the food products shown. Higher energy inputs and costs are associated with manufactured dairy products than with fluid milk. Energy costs are surprisingly similar if the processing of fruits and vegetables by canning is contrasted with freezing.

Unlike the data in the previous food-nonfood comparison, it should be recalled that energy requirements beyond the processing stage are not included. The relationships shown would likely undergo significant changes if such data were available. For example, it is probable that additional requirements associated with refrigeration would result in higher total energy requirements through the marketing stage for frozen fruits and vegetables than for canned.

Of course, the increments of energy must be balanced against the respective rates of increase in dollar value.

U.S. Food System Efficient Energy User or Not?

The U.S. food system has been characterized as an inefficient user of energy, especially when compared with the low energy inputs of agricultural systems in developing countries. One key element underplayed in such an argument is that practically all of the resultant food energy in a subsistence economy is pumped back into the food production system in feeding the massive human and animal labor force upon which the system is almost entirely dependent. Hardly any human (or fossil fuel) energy remains for input into manufacturing consumer goods or for providing services (doctors, educators, researchers) and "amenities."

ENERGY REQUIREMENTS-SELECTED FOOD INDUSTRIES

Industry	Share of final demand for food and kindred	Btu's required per dollar of processed product ¹	Energy cost per dollar of processed product ¹
	Pct.	No.	Dol.
Sugar	1.2	71,799	0.167
Butter, cheese and condensed milk	3.7	45,735	.107
Canned fruits and vegetables	4.4	45,681	.106
Frozen fruits and vegetables	3.1	44,859	.105
Flour and cereals	2.8	42,363	.099
Meat products	27.8	41,514	.097
Ice cream	1.9	37,503	.087
Fluid milk	10.3	36,998	.086
Soft drinks	4.8	36,346	.085
Bakery products	10.4	28,892	.067
Alcoholic beverages	10.5	27,084	.063

¹Energy costs through processing stage only; energy used in distribution and marketing is not included. Energy cost based

on national average price of \$2.33 per million Btu's.

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STATISTICAL INDICATORS

FARM INCOME

Cash receipts from farming

Items	Annual	1975											
	1975	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
\$ Mil.													
Farm marketings and CCC loans ¹	90,572	7,440	5,442	5,521	5,606	5,752	6,651	7,674	7,619	8,695	11,276	10,174	8,722
Livestock and products	43,245	3,208	2,901	3,073	3,315	3,550	3,550	3,604	3,567	4,089	4,467	3,944	3,977
Meat animals	26,110	1,891	1,676	1,735	2,002	2,151	2,174	2,155	2,108	2,598	2,884	2,426	2,310
Dairy products	9,790	755	719	811	807	844	808	793	792	798	862	861	940
Poultry and eggs	6,871	524	488	494	463	511	527	615	628	656	685	623	677
Other	474	38	38	33	43	44	41	41	39	37	36	34	50
Crops	47,327	4,232	2,541	2,448	2,291	2,202	3,101	4,070	4,052	4,606	6,809	6,230	4,745
Food grains	8,744	611	405	374	392	341	855	1,405	1,217	1,142	998	544	460
Feed crops	12,751	1,425	796	668	564	582	836	995	1,017	979	1,554	1,784	1,551
Cotton (lint and seed)	2,609	411	212	114	131	77	60	77	52	78	373	535	489
Tobacco	2,136	227	17	1	11	15	3	138	319	403	352	304	346
Oil-bearing crops	8,023	679	352	489	332	331	379	401	368	533	1,937	1,490	732
Vegetables and melons	5,298	303	266	288	307	323	431	496	572	792	830	412	278
Fruits and tree nuts	3,367	212	214	191	193	250	345	304	274	372	393	323	296
Other	4,399	364	279	323	361	283	192	254	233	307	372	838	593
Government payments	808	140	150	96	57	32	14	26	44	46	76	50	77
Total cash receipts ²	91,380	7,580	5,592	5,617	5,663	5,784	6,665	7,700	7,663	8,741	11,352	10,224	8,799

¹ Receipts from loans represent value of loans minus value of redemptions during the month. ² Details may not add because of rounding.

Cash receipts¹ from farm marketings, by States, January-December

State	Livestock and Products		Crops ²		Total ²	
	1974	1975	1974	1975	1974	1975
\$ Mil.						
NORTH ATLANTIC						
Maine	226.1	244.0	213.0	111.6	439.1	355.6
New Hampshire	51.4	52.7	19.8	19.8	71.3	72.5
Vermont	197.1	205.6	17.3	17.9	214.4	223.6
Massachusetts	104.5	106.3	96.2	95.0	200.7	201.3
Rhode Island	11.7	11.8	14.4	14.1	26.0	25.9
Connecticut	125.3	124.8	87.3	95.7	212.6	220.5
New York	1,025.8	1,053.7	506.0	491.2	1,531.8	1,544.9
New Jersey	113.7	108.9	236.6	222.6	350.3	331.5
Pennsylvania	1,096.7	1,112.7	504.5	479.2	1,601.2	1,591.8
NORTH CENTRAL						
Ohio	998.4	1,059.6	1,507.5	1,629.9	2,505.9	2,689.5
Indiana	1,161.7	1,250.2	1,887.9	1,728.4	3,049.6	2,978.6
Illinois	1,789.1	1,910.9	3,936.8	3,664.0	5,725.9	5,574.9
Michigan	706.6	732.4	1,050.1	949.9	1,756.7	1,682.3
Wisconsin	1,918.7	2,039.3	525.9	511.6	2,444.5	2,551.0
Minnesota	1,950.3	2,000.9	2,591.0	1,904.5	4,541.4	3,905.5
Iowa	3,786.3	4,052.7	3,494.9	2,873.0	7,281.2	6,925.6
Missouri	1,441.3	1,485.8	1,289.3	1,051.3	2,730.5	2,537.1
North Dakota	489.4	488.3	2,080.4	1,533.6	2,569.8	2,021.9
South Dakota	1,278.6	1,327.2	816.0	539.4	2,094.6	1,866.6
Nebraska	2,264.7	2,370.2	1,964.4	1,720.2	4,229.1	4,090.5
Kansas	1,835.3	1,803.2	2,139.4	1,988.1	3,974.7	3,791.4
SOUTHERN						
Delaware	164.1	180.8	108.0	98.4	272.1	279.3
Maryland	368.8	396.8	253.1	249.9	621.9	646.7
Virginia	453.2	484.8	518.2	492.3	971.5	977.1
West Virginia	99.9	99.4	43.1	47.9	143.1	147.2
North Carolina	920.1	997.1	1,712.2	1,706.7	2,632.4	2,703.8
South Carolina	254.8	266.0	572.1	546.1	826.9	812.2
Georgia	1,027.0	1,113.1	1,072.4	1,121.6	2,099.4	2,234.8
Florida	548.9	557.4	1,695.2	1,777.1	2,244.1	2,334.5
Kentucky	585.2	585.3	903.2	761.8	1,488.4	1,347.0
Tennessee	459.2	455.9	545.4	511.5	1,004.6	967.3
Alabama	679.4	770.1	510.9	546.2	1,190.3	1,316.3
Mississippi	602.2	605.1	873.0	706.3	1,475.3	1,311.3
Arkansas	826.7	920.0	1,260.2	1,289.4	2,086.8	2,209.3
Louisiana	335.5	371.4	1,045.2	890.6	1,380.7	1,262.0
Oklahoma	1,117.5	1,075.5	829.6	796.8	1,947.2	1,872.3
Texas	2,972.1	2,952.0	2,847.5	2,887.0	5,819.6	5,839.0
WESTERN						
Montana	429.7	484.4	760.7	667.3	1,190.4	1,151.7
Idaho	411.3	425.6	1,042.3	841.6	1,453.6	1,267.1
Wyoming	237.5	262.8	132.2	94.7	369.7	357.6
Colorado	1,408.9	1,454.0	744.1	572.2	2,153.0	2,026.2
New Mexico	410.3	458.9	155.6	177.4	565.9	636.3
Arizona	583.1	618.5	613.2	607.5	1,196.3	1,225.9
Utah	219.6	225.9	100.9	92.8	320.6	318.7
Nevada	101.1	105.6	35.0	37.0	136.2	142.7
Washington	457.9	466.7	1,525.5	1,555.6	1,983.4	2,022.3
Oregon	328.1	334.3	774.9	692.4	1,103.0	1,026.7
California	2,787.9	2,974.5	5,863.0	5,647.9	8,650.9	8,622.4
Alaska	3.6	3.8	2.3	3.1	6.8	6.8
Hawaii	57.1	58.7	579.4	266.9	636.6	325.6
UNITED STATES						
Grand Total	41,423.6	43,245.6	52,097.5	47,326.8	93,521.1	90,572.4

¹ Estimates as of the first of current month. ² Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

FARM PRICES: RECEIVED AND PAID

Prices received by farmers, U.S. average

Commodities	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Crops										
All wheat (\$/bu.)	3.16	4.48	3.68	4.11	3.89	4.11	4.02	3.58	3.41	3.43
Rice, rough (\$/cwt.)	11.00	13.94	10.15	10.80	9.80	8.88	8.86	8.45	8.29	7.87
Corn (\$/bu.)	1.89	2.92	2.70	3.07	2.95	2.76	2.62	2.33	2.37	2.44
Sorghum (\$/cwt.)	3.20	4.59	4.31	4.96	4.69	4.56	4.43	4.05	4.00	4.06
All hay, baled (\$/ton)	39.10	49.10	51.40	50.10	51.00	50.80	50.30	50.20	51.60	52.70
Soybeans (\$/bu.)	6.50	6.42	5.24	6.30	5.80	5.32	4.92	4.45	4.28	4.46
Cotton, Upland (cts./lb.)	32.46	51.30	41.20	37.00	43.50	46.80	49.80	49.70	50.00	49.90
Potatoes (\$/cwt.)	4.25	5.72	4.18	3.63	5.69	4.14	3.89	4.02	4.17	4.52
Dry edible beans (\$/cwt.)	16.90	32.30	20.30	20.00	21.20	26.20	24.40	21.10	20.60	20.00
Apples for fresh use (cts./lb.)	10.7	10.9	11.5	9.5	11.9	11.7	9.3	8.7	8.7	8.5
Pears for fresh use (\$/ton)	¹ 192	² 200	² 185	153	186	157	150	172	181	187
Oranges, all uses (\$/box) ³	1.93	1.96	1.65	1.29	1.37	2.02	1.76	1.51	1.82	1.83
Grapefruit, all uses (\$/box) ³	2.02	1.84	1.80	1.69	2.40	2.08	2.07	1.50	1.60	1.38
Livestock										
Beef cattle (\$/cwt.)	43.00	35.80	32.90	27.60	33.10	34.80	34.40	33.20	34.50	33.50
Calves (\$/cwt.)	57.00	38.60	27.30	23.90	25.70	27.40	27.40	29.20	30.70	31.40
Hogs (\$/cwt.)	39.40	34.30	47.50	38.20	56.00	58.50	58.00	49.00	47.50	47.50
Lambs (\$/cwt.)	35.30	37.40	42.00	36.90	39.80	40.40	42.30	43.90	46.20	47.70
All milk, sold to plants (\$/cwt.)	7.20	8.34	8.71	8.33	8.56	9.16	9.66	9.99	10.30	⁴ 10.20
Milk, manuf. grade (\$/cwt.)	6.30	7.13	7.69	7.00	7.60	8.22	8.72	8.99	9.27	⁴ 9.19
Broilers (cts./lb.)	24.2	21.7	26.4	24.2	28.8	29.8	28.8	27.2	24.0	24.3
Eggs (cts./doz.) ⁵	54.1	52.9	52.8	57.1	50.5	55.8	52.8	57.7	64.1	62.2
Turkeys (cts./lb.)	34.8	28.8	33.2	31.8	35.2	36.0	36.1	36.5	36.0	33.6
Wool (cts./lb.) ⁶	82.7	59.1	45.2	40.5	46.0	46.2	50.4	54.8	52.8	48.4

¹Ten month average. ²Eleven month average. ³Equivalent on-tree returns. ⁴Preliminary. ⁵Average of all eggs sold by farmers, including hatchling eggs and eggs sold at retail. ⁶Average local market price, excluding incentive payments.

Indexes of prices received and paid by farmers, U.S. average

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
1967=100										
Prices Received										
All farm products	172	184	181	172	187	194	193	185	187	186
All crops	164	214	194	201	201	202	199	188	188	188
Food grains	214	299	240	266	252	262	256	231	220	220
Feed grains and hay	162	242	231	259	243	235	226	208	210	214
Feed grains	161	246	232	266	247	237	228	206	207	211
Cotton	144	227	179	163	190	197	220	219	221	220
Tobacco	129	148	162	163	156	166	166	157	157	157
Oil-bearing crops	208	230	195	231	205	197	187	170	163	167
Fruit	136	143	146	135	147	157	144	139	138	129
Fresh market ¹	139	141	143	126	145	157	140	133	132	127
Commercial vegetables	135	144	168	163	155	163	155	161	177	175
Fresh market	157	156	181	170	162	172	159	169	196	190
Potatoes ²	204	293	221	183	275	230	216	209	211	224
Livestock and products	179	164	172	153	179	188	190	184	187	185
Meat animals	198	165	175	145	188	197	195	179	181	179
Dairy products	140	160	167	159	163	173	183	192	196	196
Poultry and eggs	175	162	173	176	173	186	179	188	195	189
Wool	201	146	114	102	116	117	127	138	133	122
Prices Paid										
Commodities and services.										
interest, taxes, and wage rates	145	169	185	181	187	189	189	189	189	191
Family living items	138	161	177	173	179	180	180	182	182	183
Production items	146	172	188	182	192	194	192	192	192	193
Feed	164	192	186	202	189	187	186	180	181	183
Feeder livestock	188	144	127	105	124	139	140	141	143	142
Interest per acre on farm										
real estate debt	192	227	265	265	265	265	265	265	265	302
Taxes per acre on farm real estate	146	154	162	162	162	162	162	162	162	169
Wage rates (seasonally adjusted)	155	174	189	187	189	189	192	192	192	192
Production items, interest, taxes,										
and wage rates	150	174	190	185	193	195	194	193	194	197
Prices received (1910-14=100)	438	467	459	438	476	492	490	470	475	472
Prices paid, etc. (Parity index)										
(1910-14=100)	496	578	632	618	640	646	645	645	647	653
Parity ratio	88	81	73	71	74	76	76	73	73	72

¹ Fresh market for noncitrus and fresh market and processing for citrus. ² Includes sweet potatoes and dry edible beans.

WHOLESALE AND RETAIL PRICES

Wholesale Price Index, U.S. average (not seasonally adjusted)

Commodity group	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
1967=100										
All commodities	134.7	160.1	174.9	171.8	176.7	177.7	178.9	178.2	178.7	179.4
Industrial commodities	125.9	153.8	171.5	177.3	172.2	173.1	174.7	175.4	176.1	177.3
All foods ¹	146.9	174.4	186.0	188.4	189.0	189.7	189.1	186.0	185.2	186.8
Farm products and processed foods and feed	159.1	177.4	184.2	183.5	189.0	190.4	190.5	186.1	186.0	184.6
Farm products	176.3	187.7	186.7	179.7	193.2	197.1	197.3	191.7	193.8	192.8
Fruits and vegetables ²	168.1	192.3	183.7	174.9	179.6	182.6	183.3	179.0	190.3	194.8
Grains	183.6	257.9	223.9	255.4	237.8	232.9	227.4	207.9	205.5	210.5
Livestock	190.4	170.6	187.8	156.0	203.0	209.9	207.8	193.4	191.6	184.7
Poultry, live	179.5	157.4	189.8	173.6	202.4	203.9	210.8	203.7	181.3	169.0
Fibers, plant and animal	197.8	193.9	153.1	138.8	161.1	164.0	164.5	167.0	179.5	193.5
Milk	145.0	172.8	180.2	172.0	176.0	186.0	197.6	207.9	212.7	212.3
Eggs	165.7	160.6	159.8	168.7	156.7	174.4	158.4	175.8	192.3	182.0
Oilseeds	231.2	232.2	198.5	234.4	216.6	196.4	184.4	168.8	166.9	170.0
Processed foods and feeds	148.1	170.9	182.6	186.4	186.3	186.1	186.2	182.6	181.0	179.4
Meats	163.4	159.6	188.7	161.9	203.4	209.3	209.1	198.3	196.0	190.4
Beef and veal	163.6	158.6	176.3	148.2	186.5	192.7	183.7	174.7	183.0	173.1
Pork	160.5	162.3	214.7	183.7	241.0	250.0	255.5	239.0	223.9	224.6
Poultry	177.2	157.3	184.1	169.7	195.3	196.5	202.6	195.8	177.7	164.5
Fish	190.8	204.6	218.7	193.1	224.9	229.5	231.0	228.1	240.7	253.1
Dairy	131.1	146.4	155.8	148.3	156.3	160.8	165.6	168.1	171.3	169.7
Processed fruits and vegetables	129.6	154.6	169.8	171.2	168.6	168.4	169.3	169.0	168.5	167.6
Cereal and bakery products	134.4	171.2	178.0	182.3	175.8	177.0	177.6	177.0	174.6	174.7
Sugar and confectionery	132.3	258.9	254.3	358.2	243.2	219.4	208.3	207.6	199.1	202.6
Beverages	121.7	140.7	162.4	162.6	161.6	162.5	165.1	165.1	165.4	165.1
Vegetable oil and products	143.6	224.8	211.5	247.2	207.9	197.7	191.1	190.4	184.0	174.1
Textile products and apparel	123.8	139.1	137.9	137.5	137.6	138.4	141.3	143.2	144.0	145.1
Apparel	119.0	129.5	133.4	133.8	132.8	133.1	133.6	134.8	135.1	136.5
Hides, leather, and related products	143.1	145.1	148.5	142.1	149.3	151.3	152.4	154.4	154.6	157.5
Footwear	130.5	140.0	147.8	145.4	147.5	149.5	150.1	150.2	150.5	151.5
Lumber and wood products	177.2	183.6	176.8	164.7	179.7	179.9	179.1	178.3	183.1	190.5
Tobacco products	121.9	132.8	149.6	147.2	148.7	148.9	149.1	151.4	159.0	159.0

¹Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from farm product group. ²Fresh and dried.

Consumer Price Index, U.S. average (not seasonally adjusted)

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
1967=100										
Consumer price index, all items	133.1	147.7	161.2	156.1	162.8	163.6	164.6	165.6	166.3	166.7 ¹
Consumer price index, less food	130.7	143.7	157.1	151.8	158.3	159.5	160.4	161.5	162.1	162.6
All food	141.4	161.7	175.4	170.9	178.1	177.8	179.0	179.8	180.7	180.8
Food away from home	141.4	159.4	174.3	169.0	175.3	176.5	178.0	179.2	180.0	180.9
Food at home	141.4	162.4	175.8	171.4	179.0	178.2	179.3	180.0	180.9	180.8
Meats ¹	161.1	164.1	177.9	161.9	190.4	190.5	194.3	192.4	189.8	186.8
Beef and veal	163.8	168.5	170.0	158.5	182.5	176.7	178.3	175.3	174.7	174.9
Pork	161.7	161.0	196.9	170.0	214.3	222.4	230.9	227.5	219.6	210.1
Poultry	154.8	146.9	162.4	152.8	174.3	177.2	171.6	171.1	168.5	164.5
Fish	162.8	187.7	203.3	195.7	205.1	208.1	210.6	211.7	214.1	216.1
Eggs	160.2	160.8	157.8	172.6	151.1	163.9	159.3	160.1	176.4	182.8
Dairy products ²	127.9	151.9	156.6	155.2	154.3	156.3	159.4	162.8	165.5	168.2
Fats and oils ³	126.4	179.4	198.6	214.7	189.3	189.7	188.8	187.1	185.9	182.4
Fruits and vegetables	142.5	165.8	171.0	163.5	177.9	167.4	165.5	168.7	172.1	173.3
Fresh	150.8	162.6	166.1	153.6	180.0	161.6	156.1	158.2	162.1	163.8
Processed	130.2	170.6	178.3	178.3	174.8	176.1	179.6	184.3	187.0	187.3
Cereals and bakery products	127.7	166.1	184.8	185.3	182.6	181.6	181.6	181.9	182.2	182.0
Sugar and sweets	128.3	195.2	246.2	281.0	236.0	238.2	235.0	228.0	225.7	224.5
Beverages, nonalcoholic	130.2	155.6	178.9	175.3	175.1	177.9	183.7	188.1	190.1	191.1
Apparel commodities less footwear	126.5	135.7	140.6	137.9	140.6	141.9	143.1	144.1	143.6	140.9
Footwear	130.2	138.1	144.2	142.2	143.9	144.6	145.4	146.3	145.7	144.7
Tobacco products	137.0	143.8	153.9	152.1	154.4	154.4	154.3	154.8	156.8	158.1
Beverages, alcoholic	122.5	131.8	142.1	139.3	142.8	142.5	143.3	143.5	143.7	144.0

¹ Beef, veal, lamb, mutton, pork, and processed meat. ² Includes butter. ³ Excludes butter.

FARM-RETAIL PRICE SPREADS

Farm-Retail Price Spreads¹

Commodities	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Market basket:										
Retail cost (1967=100)	142.3	161.9	173.6	168.7	177.6	176.4	177.2	177.8	178.8	178.5
Farm value (1967=100)	167.2	178.4	186.8	173.8	197.1	202.6	197.1	187.8	189.9	186.4
Farm-retail spread (1967=100)	126.5	151.4	165.3	165.5	165.3	159.8	164.6	171.5	171.8	173.5
Farmer's share (%)	46	43	42	40	43	45	43	41	41	40
Beef, choice:										
Retail price ² (cts./lb.)	135.5	138.8	146.0	132.8	155.5	152.8	152.4	151.2	150.6	148.6
Carcass value ³ (cts.)	98.1	97.4	105.5	88.8	112.1	114.5	108.9	105.0	105.7	96.4
Net farm value (cts./2.28 lbs.)	89.9	86.1	99.9	76.6	96.8	100.2	97.2	92.0	93.6	83.5
Farm-retail spread (cts.)	45.6	52.7	53.1	56.2	58.7	52.6	55.2	59.2	57.0	65.1
Carcass-retail spread ⁴ (cts.)	37.4	41.4	40.5	44.0	43.4	38.3	43.5	46.2	44.9	52.2
Farm-carcass spread ⁵ (cts.)	8.2	11.3	12.6	12.2	15.3	14.3	11.7	13.0	12.1	12.9
Farmer's share (%)	66	62	64	58	62	66	64	61	62	56
Pork:										
Retail price ² (cts./lb.)	109.8	108.2	135.0	114.9	150.2	153.8	158.7	154.0	147.5	144.2
Wholesale value ³ (cts.)	87.3	77.4	102.4	84.2	118.2	124.5	117.6	106.8	100.8	98.3
Net farm value (cts./1.97 lbs.)	71.5	60.8	86.8	67.1	102.7	109.2	103.6	89.0	87.1	87.2
Farm-retail spread (cts.)	38.3	47.4	48.2	47.8	47.5	44.6	55.1	65.0	60.4	57.0
Carcass-retail spread ⁴ (cts.)	22.5	30.8	32.6	30.7	32.0	29.3	41.1	47.2	46.7	45.9
Farm-carcass spread ⁵ (cts.)	15.8	16.6	15.6	17.1	15.5	15.3	14.0	17.8	13.7	11.1
Farmer's share (%)	65	56	64	58	68	71	65	58	59	60

See footnotes at end of table next page

Farm-Retail Price Spreads¹—Continued

Commodities:	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Milk, fresh:										
Retail price (cts./%gal.)	65.4	78.4	78.5	79.4	77.0	77.7	78.7	80.2	81.1	82.1
Farm value (cts./4.39 lbs. Class I)	34.1	40.8	41.2	40.0	40.8	41.4	42.9	44.5	45.9	47.0
Farm-retail spread (cts.)	31.3	37.6	37.3	39.4	36.2	36.3	35.8	35.7	35.2	35.1
Farmer's share (%)	52	52	52	50	53	52	55	55	57	57
Chicken, frying:										
Retail price (cts./lb.)	59.6	56.0	63.3	59.3	68.6	69.9	66.9	66.5	65.5	63.8
Farm value (cts./1.41 lbs. broilers)	35.0	31.6	37.3	32.3	40.3	42.2	40.6	40.0	37.2	35.0
Farm-retail spread (cts.)	24.6	24.4	26.0	27.0	28.3	27.7	26.3	26.5	28.3	28.8
Farmer's share (%)	59	56	59	54	59	60	61	60	57	55
Eggs, large grade A										
Retail price (cts./doz.)	78.0	78.3	77.0	84.2	73.7	79.9	77.7	78.1	86.1	89.2
Farm value (cts./1.03 doz.)	54.4	53.2	50.8	56.9	49.2	56.0	50.6	52.3	60.5	60.8
Farm-retail spread (cts.)	23.6	25.1	26.2	27.3	24.5	23.9	27.1	25.8	25.6	28.4
Farmer's share (%)	70	68	66	68	67	70	65	67	70	68
Bread, white:										
Retail price (cts./lb.)	27.6	34.5	36.0	37.2	35.1	35.0	35.2	35.3	35.1	35.5
Farm value (cts./0.867 lb. wheat)	4.1	5.4	4.5	4.9	4.8	5.0	4.8	4.3	4.1	4.1
Farm value (cts. for all farm ingredients)	5.5	8.0	6.8	7.9	7.2	7.3	7.0	6.3	6.0	6.1
Farm-retail spread (cts.)	22.1	26.5	29.2	29.3	27.9	27.7	28.2	29.0	29.1	29.4
Farmer's share (%)	20	23	19	21	21	21	20	18	17	17
Lettuce:										
Retail price (cts./head)	41.8	42.3	41.5	39.5	39.5	42.3	40.6	46.4	43.8	43.2
Farm value (cts./1.88 lbs.)	14.2	13.2	13.8	19.0	13.4	16.7	13.9	15.7	16.6	17.5
Farm-retail spread (cts.)	27.6	29.1	27.7	20.5	26.1	25.6	26.7	30.7	27.2	25.7
Farmer's share (%)	34	31	33	48	34	39	34	34	38	40
Potatoes:										
Retail price (cts./10 lbs.)	136.6	166.4	134.4	112.7	178.7	136.5	142.5	141.9	138.9	139.5
Farm value (cts./10.42 lbs.)	44.4	59.4	45.4	37.8	59.3	43.1	40.5	41.9	43.4	47.1
Farm-retail spread (cts.)	92.2	107.0	89.0	74.9	119.4	93.4	102.0	100.0	95.5	92.4
Farmer's share (%)	32	36	34	34	33	32	28	30	31	34
Tomatoes:										
Retail price (cts./lb.)	48.2	54.8	57.8	60.0	48.1	45.6	46.1	49.2	61.2	60.3
Farm value (cts./1.18 lbs.)	19.8	21.0	23.8	22.0	19.1	18.1	17.5	21.5	24.8	22.9
Farm-retail spread (cts.)	28.4	33.8	34.0	38.0	29.0	27.5	28.6	27.7	36.4	37.4
Farmer's share (%)	41	38	41	37	40	40	38	44	41	38
Orange juice, frozen concentrate:										
Retail price (cts./6-oz. can)	25.0	25.9	28.2	27.4	28.2	28.2	28.4	28.6	29.0	29.3
Farm value (cts./3.08 lbs.)	8.6	9.2	8.6	9.0	8.8	8.8	8.8	8.8	8.8	9.2
Farm-retail spread (cts.)	16.4	16.7	19.6	18.4	19.4	19.4	19.6	19.8	20.2	20.1
Farmer's share (%)	34	36	30	33	31	31	31	31	30	31
Margarine:										
Retail price (cts./lb.)	37.4	57.4	62.9	71.4	58.5	58.9	58.9	58.3	57.5	56.7
Farm value (cts. for veg. oil and NFDM)	14.0	27.8	21.0	27.9	24.9	19.8	17.9	16.5	14.3	14.5
Farm-retail spread (cts.)	23.4	29.6	41.9	43.5	33.6	39.1	41.0	41.8	43.2	42.2
Farmer's share (%)	37	48	33	39	43	34	30	28	25	26

¹ For a market basket of U.S. farm foods representing the average quantities purchased annually per household in 1960-61 and selected items. Retail prices are from Bureau of Labor Statistics unless otherwise noted. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling,

processing, transporting, and distributing these foods. Data are preliminary. ² Composite monthly average prices of all cuts adjusted for volume sold at special prices derived from BLS and food chain prices. ³ For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); pork, 1.07 lb. of wholesale cuts. ⁴ Represents charges for retailing and other marketing services such as fabricating, wholesaling and in-city transportation. ⁵ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Farm-Retail Price Spreads For Selected Foods

Commodities in retail units	Annual											
	Retail price (cents)			Farm value (cents)			Farm-retail spread (cents)			Farmer's share (percent)		
	1973	1974	1975 ¹	1973	1974	1975 ¹	1973	1974	1975 ¹	1973	1974	1975 ¹
Beef, Choice (lb.)	135.5	138.8	146.0	89.9	86.1	92.9	45.6	52.7	53.1	66	62	64
Lamb, Choice (lb.)	134.3	146.4	168.4	73.7	79.2	93.2	60.6	67.2	75.2	55	54	55
Pork (lb.)	109.8	108.2	135.0	71.5	60.8	86.8	38.3	47.4	48.2	65	56	64
Butter (lb.)	91.6	94.3	102.5	60.8	57.0	67.4	30.8	37.3	35.1	66	60	66
Cheese, American process (½ lb.)	60.4	73.1	76.8	30.2	34.0	36.5	30.2	39.1	40.3	50	47	48
Ice cream (½ gal.)	91.1	107.4	122.2	33.5	40.2	42.4	57.6	67.2	79.8	37	37	35
Milk, evaporated (14½ oz.)	22.4	28.8	30.8	11.5	14.5	14.9	10.9	14.3	15.9	51	50	48
Milk, fresh:												
Sold in stores (½ gal.)	65.4	78.4	78.5	34.1	40.8	41.2	31.3	37.6	37.3	52	52	52
Chicken, frying (lb.)	59.6	56.0	63.3	35.0	31.6	37.3	24.6	24.4	26.0	59	56	59
Turkey (lb.)	73.9	72.0	72.6	44.5	36.8	42.5	29.4	35.2	30.1	60	51	58
Eggs, large Grade A (doz.)	78.0	78.3	77.0	54.4	53.2	50.8	23.6	25.1	26.2	70	68	66
Bread, white:												
All ingredients (lb.)	27.6	34.5	36.0	5.5	8.0	6.8	22.1	26.5	29.2	20	23	19
Wheat (lb.)	—	—	—	4.1	5.4	4.5	—	—	—	15	16	12
Bread, whole wheat (lb.)	43.1	52.7	57.4	5.0	6.8	5.9	38.1	45.9	51.5	12	13	10
Cookies, sandwich (lb.)	57.8	73.5	94.0	8.9	17.5	14.1	48.9	56.0	79.9	15	24	15
Corn flakes (12 oz.)	32.2	41.7	51.9	3.4	4.8	4.5	28.8	36.9	47.4	11	12	9
Flour, white (5 lb.)	75.6	103.0	99.4	33.9	44.0	36.0	41.7	59.0	63.4	45	43	36
Rice, long grain (lb.)	30.8	51.6	47.0	15.8	19.7	14.3	15.0	31.9	32.7	51	38	30
Apples (lb.)	30.4	34.1	34.0	11.2	11.8	11.8	19.2	22.3	22.2	37	35	35
Grapefruit (ea.)	19.9	19.7	21.7	4.6	4.3	4.7	15.3	15.4	17.0	23	22	22
Lemons (lb.)	38.5	42.0	46.7	11.1	11.0	12.5	27.4	31.0	34.2	29	26	27
Oranges (doz.)	105.3	110.9	114.7	24.8	25.9	24.9	80.5	85.0	89.8	24	23	22
Cabbage (lb.)	17.8	16.0	16.7	6.4	4.9	6.0	11.4	11.1	10.7	36	31	36
Carrots (lb.)	22.0	23.3	27.0	7.5	8.1	9.7	14.5	15.2	17.3	34	35	36
Celery (lb.)	24.0	23.9	26.6	7.0	6.4	8.4	17.0	17.5	18.2	29	27	32
Cucumbers (lb.)	32.1	31.8	39.8	12.0	12.7	13.9	20.1	19.1	25.9	37	40	35
Lettuce (head)	41.8	42.3	41.5	14.2	13.2	13.8	27.6	29.1	27.7	34	31	33
Onions (lb.)	25.2	20.8	24.4	11.1	6.7	10.7	14.1	14.1	13.7	44	32	44
Peppers, green (lb.)	54.9	56.4	60.2	19.2	18.1	23.2	35.7	38.3	37.0	35	32	39
Potatoes (10 lb.)	136.6	166.4	134.4	44.4	59.4	45.4	92.2	107.0	89.0	32	36	34
Tomatoes (lb.)	48.2	54.8	57.8	19.8	21.0	23.8	28.4	33.8	34.0	41	38	41
Peaches, canned (No. 2½)	40.8	52.2	60.1	7.2	12.5	17.0	33.6	39.7	43.1	18	24	28
Pears, canned (No. 2½)	56.5	65.4	74.8	12.3	15.9	21.1	44.2	49.5	53.7	22	24	28
Beets, canned (No. 303)	23.7	28.4	33.0	1.5	2.0	2.4	22.2	26.4	30.6	6	7	7
Corn, canned (No. 303)	25.0	29.5	38.4	2.9	4.0	5.5	22.1	25.5	32.9	12	14	14
Peas, canned (No. 303)	27.0	31.9	39.2	4.2	5.4	7.4	22.8	26.5	31.8	16	17	19
Tomatoes, canned (No. 303)	24.7	30.0	35.3	2.8	3.7	4.9	21.9	26.3	30.4	11	12	14
Lemonade, frozen (6-oz. can)	14.7	17.2	23.0	3.9	5.2	7.3	10.8	12.0	15.7	27	30	32
Orange juice, frozen (6-oz. can)	25.0	25.9	28.2	8.6	9.2	8.6	16.4	16.7	19.6	34	36	30
Potatoes, french fried, frozen (9 oz.)	17.2	22.5	25.6	3.9	6.6	4.8	13.3	15.9	20.8	23	29	19
Peas, frozen (10 oz.)	23.7	29.0	34.7	4.0	5.2	7.1	19.7	23.8	27.6	17	18	20
Beans, dried (lb.)	31.8	68.2	42.1	17.1	30.9	19.6	14.7	37.3	22.5	54	45	47
Margarine (lb.)	37.4	57.4	62.9	14.0	27.8	21.0	23.4	29.6	41.9	37	48	33
Peanut butter (12-oz. jar)	52.5	61.1	69.2	18.1	20.8	22.1	34.4	40.3	47.1	34	34	32
Salad and cooking oil (24-oz. bottle)	70.5	107.4	116.3	21.9	14.6	33.5	48.6	62.8	82.8	31	42	29
Vegetable shortening (3 lb.)	110.1	179.0	190.7	48.8	98.1	73.7	61.3	80.9	117.0	44	55	39
Sugar (5 lb.)	75.5	161.2	186.2	33.4	97.3	80.8	42.1	63.9	105.4	42	60	43
Spaghetti, canned (15¼-oz. can)	20.2	23.3	26.7	2.7	3.5	4.0	17.5	19.8	22.7	13	15	15

¹ Preliminary.

Price spreads for beef and pork

Item	Retail price per pound ¹	Carcass value ²	Gross farm values ³	Byproduct allowance ⁴	Net farm value ⁵	Farm-retail spread			Farmer's share
						Total	Carcass- retail ⁶	Farm- carcass ⁷	
Cents									Percent
Beef, Choice grade									
1971	104.3	75.7	72.3	4.5	67.8	36.5	28.6	7.9	65
1972	113.8	80.1	79.8	7.4	72.4	41.4	33.7	7.7	64
1973	135.5	98.1	100.0	10.1	89.9	45.6	37.4	8.2	66
1974	138.8	97.4	93.7	7.6	86.1	52.7	41.4	11.3	62
1975	146.0	105.5	99.9	7.0	92.9	53.1	40.5	12.6	64
1974									
Jan.-Mar.	145.1	103.9	101.5	9.4	92.1	53.0	41.2	11.8	63
Apr.-June	134.5	93.6	89.0	7.3	81.7	52.8	40.9	11.9	61
July-Sept.	141.0	102.1	99.1	7.8	91.3	49.7	38.9	10.8	65
Oct.-Dec.	134.5	90.2	85.4	6.1	79.3	55.2	44.3	10.9	59
1975									
Jan.-Mar.	129.6	86.6	80.3	5.1	75.2	54.4	43.0	11.4	58
Apr.-June	146.5	113.4	108.4	7.1	101.3	45.2	33.1	12.1	69
July-Sept.	156.4	115.4	108.8	7.9	100.9	55.5	41.0	14.5	65
Oct.-Dec.	151.4	106.5	102.2	7.9	94.3	57.1	44.9	12.2	62
Pork									
1971	70.3	52.1	35.0	2.7	32.3	38.0	18.2	19.8	46
1972	83.2	65.3	51.2	3.5	47.7	35.5	17.9	17.6	57
1973	109.8	87.3	78.2	6.7	71.5	38.3	22.5	15.8	65
1974	108.2	77.4	68.0	7.2	60.8	47.4	30.8	16.6	56
1975	135.0	102.4	94.8	8.0	86.8	48.2	32.6	15.6	64
1974									
Jan.-Mar.	115.2	82.3	73.8	7.7	66.1	49.1	32.9	16.2	57
Apr.-June	99.3	66.4	53.2	5.3	47.9	51.4	32.9	18.5	48
July-Sept.	107.4	77.6	70.1	7.3	62.8	44.6	29.8	14.8	58
Oct.-Dec.	111.0	83.5	5.0	8.4	66.6	44.4	27.5	16.9	60
1975									
Jan.-Mar.	114.4	85.7	75.6	7.3	68.3	46.1	28.7	17.4	60
Apr.-June	123.1	96.7	88.9	7.4	81.5	41.6	26.4	15.2	66
July-Sept.	149.2	118.9	114.0	9.7	104.3	44.9	30.3	14.6	70
Oct.-Dec.	153.4	108.4	100.9	7.7	93.2	60.2	45.0	15.2	61

¹ Composite monthly average prices of all cuts adjusted for volume sold at special prices—derived from BLS and food chain prices. ² For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); pork, 1.07 lb. of wholesale cuts. ³ Payment to farmers for quantity of live animal equivalent to 1 retail pound: Beef, 2.28 lb. and pork 1.97 lb. ⁴ Portion of gross farm value

attributed to edible and inedible byproducts. ⁵ Gross farm value minus byproduct allowance. ⁶ Includes not only gross margin for retailing but also charges made for other marketing services such as fabricating, wholesaling, and in-city transportation. ⁷ Measure changes made for livestock marketing, processing, and transportation to city where consumed.

Food Marketing: Spreads, Costs, and Profit Rates

Year	Farm-retail price spread	Intermediate goods and services ¹			Hourly earnings ²	Interest rates ³	Profit rates after taxes		
		Total	Containers, packaging	Fuel, power and light			Food retailers ⁴		Food manu- facturers ⁵
							15 leading chains	Excluding A&P	
1967=100					Dollars	Percent	Percent of sales		
1970	113.4	113	108	108	3.03	8.48	1.04	1.08	2.5
1971	116.5	120	113	120	3.24	6.32	.94	1.09	2.6
1972	118.9	126	117	126	3.45	5.82	.47	.77	2.6
1973	126.5	134	123	138	3.66	8.30	.73	.85	2.6
1974	151.4	159	151	202	3.99	11.28	.37	.89	2.9
1975	165.3	180	174	237	4.40	8.65	—	—	—
1973									
I	119.1	130	120	131	3.60	6.52	.43	.55	—
II	124.6	134	123	135	3.63	7.35	.70	.83	—
III	124.4	136	124	139	3.67	9.24	.46	.60	—
IV	137.7	140	126	151	3.75	10.08	.89	1.06	3.0
1974									
I	142.5	148	131	175	3.85	9.91	.84	.88	2.7
II	154.6	155	145	200	3.94	11.15	.74	.77	2.7
III	152.4	166	161	212	4.04	12.40	1.03	1.17	3.2
IV	156.7	170	169	220	4.14	11.64	.61	.65	3.0
1975									
I	166.3	176	173	231	4.27	9.94	-1.00	.83	2.4
II	162.2	178	174	237	4.34	8.16	.67	.85	3.3
III	163.5	181	174	238	4.43	8.22	.86	.93	3.7
IV	169.2	184	176	241	4.55	8.29	—	—	—

¹Represents all goods purchased by food marketing firms except raw materials and plant and equipment, and all services except those performed by employees, calculated from wholesale price relatives.

²Weighted composite of production employees in food manufacturing and nonsupervisory employees in wholesale and retail trade, calculated from data of the U.S. Department of Labor. ³Bank rates on short-term business loans in 35 centers, Department of Commerce.

⁴Compiled from "Moody's Industrial Manual." Two series are shown

because of the low profit levels of A&P in recent years and the substantial loss incurred in 1974 due to the establishment of reserve to cover expected losses from its planned closings of stores.

⁵Compiled from "Quarterly Financial Report for Manufacturing Corporations" published by the Federal Trade Commission. Data since the fourth quarter of 1973 are imperfectly comparable with prior data because of changes in accounting methods.

LIVESTOCK AND PRODUCTS: PRICES, SUPPLIES AND USE

Dairy

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Milk production:										
Total milk (mil. lb.)	115,385	115,553	115,458	9,379	9,588	9,068	9,173	8,823	9,284	9,545
Milk per cow (lb.)	10,114	10,300	10,354	837	861	815	825	795	837	862
Number of milk cows (thou.)	11,409	11,219	11,151	11,199	11,139	11,128	11,116	11,100	11,091	11,079
Milk prices, Minnesota-Wisconsin,										
3.5% fat (\$/cwt.) ¹	6.30	7.06	7.62	6.80	7.70	8.27	8.60	8.84	9.08	8.90
Price of 16% dairy ration (\$/ton)	113	138	134	148	135	135	136	133	134	136
Milk-feed price ratio (lb.) ²	1.48	1.35	1.46	1.25	1.41	1.54	1.62	1.77	1.80	1.75
Stocks, beginning										
Total milk equiv. (mil. lb.) ³	5,498	5,207	5,886	5,886	6,910	6,300	5,143	4,442	4,043	3,860
Commercial (mil. lb.)	3,493	4,732	5,576	5,576	5,457	5,114	4,705	4,112	3,856	3,732
Government (mil. lb.)	2,005	476	310	310	1,453	1,185	438	331	187	128
Imports, total milk equiv. (mil. lb.) ³	3,859	2,925	1,674	197	108	152	196	292	241	—
USDA net removals:										
Total milk equiv. (mil. lb.) ³	2,185	1,346	2,036	254.2	⁴ -354.9	⁴ -59.2	2.0	1.9	3.9	4.9
Butter:										
Production (mil. lb.)	918.6	961.7	975.6	97.4	58.9	57.0	66.6	64.8	83.0	—
Stocks, beginning (mil. lb.)	107.5	46.4	49.2	49.2	97.7	79.2	39.6	27.0	15.1	10.9
Wholesale price, Grade A										
Chicago (cts./lb.)	69.8	65.7	79.4	66.8	83.6	87.9	93.0	97.3	103.6	86.1
USDA net removals (mil. lb.)	97.7	32.7	63.4	6.9	⁴ -17.4	⁴ -3.2	0.0	0.0	0.0	0.0
Commercial disappearance (mil. lb.)	855.6	929.9	943.0	88.4	78.8	66.2	77.1	72.2	85.3	—
American cheese:										
Production (mil. lb.)	1,672.5	1,858.6	1,664.5	130.6	133.8	115.6	120.7	117.0	135.6	—
Stocks, beginning (mil. lb.)	269.4	290.3	420.9	420.9	422.1	402.0	370.2	333.6	321.0	308.4
Wholesale price, Wisconsin assembly										
pt. (cts./lb.)	72.6	79.9	86.6	74.8	89.8	94.0	99.0	99.3	101.7	100.4
USDA net removals (mil. lb.)	3.2	60.3	68.2	10.9	.1	.1	0.0	0.0	0.0	0.0
Commercial disappearance (mil. lb.)	1,677.1	1,780.6	1,726.2	128.9	160.2	142.2	154.6	131.7	149.5	—
Other cheese:										
Production (mil. lb.)	1,012.8	1,071.8	1,131.4	85.7	92.5	97.4	97.9	93.9	102.5	—
Stocks, beginning (mil. lb.)	62.0	67.5	73.1	73.1	63.5	61.3	61.3	59.7	58.7	62.3
Commercial disappearance (mil. lb.)	1,210.2	1,269.5	1,305.0	102.7	105.3	112.3	115.4	118.9	124.5	—
Nonfat dry milk:										
Production (mil. lb.)	916.6	1,019.9	1,024.9	83.5	76.2	53.2	50.3	49.3	67.1	—
Stocks, beginning (mil. lb.)	44.9	74.6	293.2	293.2	484.8	529.4	515.0	485.9	475.4	467.7
Wholesale price, avg. manf. (cts./lb.)	46.4	58.6	63.0	58.8	61.4	64.6	68.9	70.2	70.5	—
USDA net removals (mil. lb.)	36.8	265.0	394.5	38.8	.5	⁴ -.4	⁴ -4.7	⁴ -7.9	⁴ -.2	6.7
Commercial disappearance (mil. lb.)	1,110.1	809.9	721.6	57.0	93.2	72.9	70.1	54.7	60.7	—
Frozen dessert production (mil. gal.) ⁵	1,118.6	1,124.3	1,185.2	79.3	118.0	104.6	92.2	76.8	76.7	—

¹ Manufacturing grade milk. ² Pounds of ration equal in value to 1 lb. of milk. ³ Milk equivalent, fat-solids basis. ⁴ Domestic unrestricted sales exceeded purchases. ⁵ Ice cream, ice milk and sherbet.

Poultry and Eggs

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Eggs										
Farm production (mil.)	66,568	65,927	64,341	5,560	5,402	5,252	5,448	5,313	5,508	5,514
Average number of layers on farms (mil.)	293	286	276	285	271	274	277	279	280	280
Rate of lay (eggs per layer)	228	231	233	19.5	19.9	19.1	19.7	19.0	19.7	19.7
Wholesale price, New York, grade A large (cts./doz.)	59.8	58.2	57.8	62.2	58.2	61.6	56.6	65.7	71.8	68.4
Price of laying feed (\$/ton)	137	154	147	160	150	149	148	143	143	143
Egg-feed price ratio (lb.) ¹	7.9	7.0	7.2	7.1	6.7	7.5	7.1	8.1	9.0	8.7
Stocks, beginning of period:										
Shell (thou. cases)	41	34	36	36	90	80	72	55	40	23
Frozen (mil. lb.)	68.1	43.2	54.2	54.2	51.2	51.9	51.2	46.6	42.3	36.3
Replacement chicks hatched (mil.)	534.3	473.4	458.7	35.0	35.3	34.2	35.3	28.6	31.1	35.7
Broilers										
Federally inspected slaughter, certified (mil. lb.)	7,786.1	7,916.8	7,966.1	646.2	680.5	684.9	739.8	560.7	691.4	—
Wholesale price, 9-city, (cts./lb.)	42.2	38.2	45.1	41.6	50.0	49.7	47.7	45.8	41.8	41.9
Price of broiler grower feed (\$/ton)	152	169	163	176	163	164	164	158	160	158
Broiler-feed price ratio (lb.) ¹	3.3	2.6	3.2	2.8	3.5	3.6	3.5	3.4	3.0	3.1
Stocks, beginning of period (mil. lb.)	29.1	33.4	37.2	37.2	19.2	22.8	22.9	21.7	21.4	22.3
Average weekly placements of broiler chicks, 21 States (mil.)	58.1	56.4	57.4	54.3	57.2	55.7	52.7	56.7	58.4	60.2
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	1,787.9	1,835.8	1,716.1	64.9	203.3	229.0	257.5	220.2	157.5	—
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	58.8	47.2	53.2	51.6	58.0	57.2	58.1	57.3	52.6	47.1
Price of turkey grower feed (\$/ton)	158	173	167	178	168	170	170	164	165	165
Turkey-feed price ratio (lb.) ¹	4.8	3.2	4.0	3.6	4.2	4.2	4.2	4.5	4.4	4.1
Stocks, beginning of period (mil. lb.)	208.1	281.0	275.0	275.0	247.7	328.5	409.2	483.5	287.6	195.2
Poults hatched (mil.)	145.6	140.0	138.2	8.7	8.6	4.4	4.5	5.5	7.8	10.5

¹ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

Wool

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
U.S. wool price, Boston ¹ (cts./lb.)	250	176	150	116	171	173	173	173	178	178
Imported wool price, Boston ² (cts./lb.)	298	213	176	177	172	167	168	176	179	178
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	109,872	74,858	93,929	6,465	8,073	8,182	10,313	7,815	8,983	—
Carpet wool (thou. lb.)	41,394	18,595	15,836	1,409	1,683	1,304	1,485	1,256	1,233	—

¹ Clean basis; territory fine good French combing and staple. ² Clean basis; Australian 64's combing, excl. duty.

Meat Animals:

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Cattle on feed (7-States)										
Number of feed (thou. head) ¹	9,884	9,353	6,369	6,369	5,932	5,949	6,656	7,585	8,252	8,533
Placed on feed (thou. head) ²	18,382	15,861	18,090	1,149	1,273	2,048	2,297	1,958	1,593	1,372
Marketings (thou. head)	18,913	17,380	14,987	1,372	1,213	1,298	1,307	1,189	1,202	1,462
Other disappearance (thou. head)	—	1,465	939	96	43	43	69	94	110	90
Beef steer-corn price ratio, Omaha (bu.) ³	22.6	13.9	15.8	11.8	15.0	16.6	17.4	17.7	17.5	16.0
Hog-corn price ratio, Omaha (bu.) ³	19.3	11.6	17.2	12.6	18.6	20.7	21.2	19.4	18.5	18.6
Commercial slaughter (thou. head)										
Cattle	33,687	36,812	40,900	3,506	3,468	3,672	3,988	3,471	3,633	—
Steers	18,322	19,680	17,811	1,707	1,443	1,421	1,436	1,264	1,366	—
Heifers	8,441	8,768	10,438	852	902	1,050	1,105	906	926	—
Cows	6,248	7,514	11,550	873	1,020	1,098	1,332	1,204	1,250	—
Bulls and Stags	676	820	1,101	74	103	103	115	97	91	—
Calves	2,249	2,987	5,209	375	466	515	591	476	492	—
Sheep and lambs	9,597	8,847	7,834	682	648	785	732	536	606	—
Hogs	76,795	81,762	68,690	6,759	4,883	5,468	5,638	5,339	5,841	—
Commercial production (mil. lb.)										
Beef	21,088	22,844	23,664	2,100	1,961	2,066	2,270	1,971	2,056	—
Veal	325	442	826	59	73	82	95	77	76	—
Lamb and mutton	504	454	399	35	32	40	38	28	32	—
Pork	12,578	13,583	11,306	1,113	794	901	936	904	996	—
Market prices				Dol. per 100 pounds						
Slaughter cattle:										
Choice steers, Omaha	44.54	41.89	44.61	36.34	46.80	48.91	47.90	45.23	45.01	41.18
Utility cows, Omaha	32.82	25.56	21.09	16.82	21.29	22.45	22.01	20.73	21.64	23.26
Choice vealers, S. St Paul	64.08	49.63	40.44	36.88	37.10	36.57	42.52	43.95	43.52	51.90
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	53.17	37.88	33.91	26.45	34.34	37.59	38.09	38.26	37.83	37.46
Slaughter hogs:										
Barrows and Gilts, No. 1&2, Omaha ⁴	41.25	36.85	50.12	39.79	58.89	61.30	59.77	51.63	50.20	50.24
Barrows and Gilts, 7-markets	40.27	35.12	48.32	38.93	58.10	61.23	58.52	49.74	48.33	48.40
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	35.75	25.13	44.81	30.10	46.75	59.81	56.55	48.92	44.19	48.38
Slaughter sheep and lambs:										
Lambs, Choice, San Angelo	38.20	40.51	44.44	38.25	40.75	43.50	44.45	46.83	48.75	49.25
Ewes, Good, San Angelo	16.76	15.74	15.34	14.12	13.44	12.94	12.35	14.83	17.44	17.75
Feeder lambs:										
Choice, San Angelo	37.17	36.52	41.40	34.12	38.75	41.25	42.62	46.33	48.38	48.38
Wholesale meat prices, Midwest⁵										
Choice steer beef, 600-700 lb.	67.72	67.76	73.17	61.36	77.95	79.66	75.62	72.96	73.25	66.68
Canner and Cutter cow beef	65.78	53.48	43.52	36.97	43.67	45.46	44.10	43.40	44.61	49.00
Pork loins, 8-14 lb.	76.83	73.60	93.71	79.25	105.51	110.67	109.22	99.12	90.46	97.80
Pork bellies, 12-14 lb.	59.52	52.04	79.12	60.55	105.46	103.48	91.44	78.32	69.13	75.06
Hams, skinned, 14-17 lb.	70.20	64.11	84.71	68.80	91.08	99.08	105.70	101.04	101.81	83.43
	Annual			1974		1975				1976
Cattle on feed (23-States):	1973	1974	1975	III	IV	I	II	III	IV	I
Number on feed (thou. head) ¹	13,861	13,067	9,619	10,047	9,152	9,619	8,473	8,542	9,301	12,296
Placed on feed (thou. head) ²	24,510	22,046	24,650	4,952	6,540	4,712	5,535	6,029	8,317	—
Marketings (thou. head)	25,304	23,330	20,494	5,522	5,538	5,487	6,013	5,018	4,940	7,6188
Other disappearance (thou. head)	—	2,164	1,479	325	535	392	453	252	382	—
Hogs and pigs (14-States):⁶										
Inventory (thou. head) ¹	50,616	52,825	47,170	51,071	50,175	47,170	40,330	40,955	41,535	41,855
Breeding (thou. head) ¹	7,415	7,445	6,283	7,530	6,825	6,283	6,080	6,191	6,011	6,368
Market (thou. head) ¹	43,201	45,380	40,887	43,541	43,350	40,887	34,250	34,764	35,524	35,487
Farrowings (thou. head)	10,674	10,207	8,397	2,424	2,280	1,778	2,428	2,088	2,103	7,1956
Pig crop (thou. head)	76,037	71,958	60,211	17,128	16,127	12,540	17,469	15,020	15,182	—

¹ Beginning of period. ² Other disappearance excluded in 1973; not comparable with 1974 and 1975. ³ Bushels of corn equal in value to 100 pounds liveweight. ⁴ 220-240 lb. ⁵ Prior to Oct. 1975, Chicago.

⁶ Annual is Dec. preceding year to Nov. listed; quarters are Dec. preceding year-Feb. (I), Mar-May (II), June-Aug (III), and Sept-Nov (IV). ⁷ Intentions.

CROPS AND PRODUCTS: PRICES, SUPPLIES AND USE

Fats and Oils

	Marketing year ¹			1975						1976
	1972/73	1973/74	1974/75	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Soybeans:										
Wholesale price, No. 1										
yellow, Chicago (\$/bu.) . . .	6.26	6.12	6.34	6.33	5.97	5.55	4.97	4.70	4.59	4.66
Crushings (mil. bu.)	721.8	821.3	700.5	77.7	64.0	56.5	71.4	71.1	-77.7	—
Processing margin										
(cts./lb.) ²	59	72	13	17	20	19	45	19	-17	—
Exports (mil. bu.)	479.4	539.1	420.7	49.6	33.4	24.3	62.7	61.5	-49.6	—
Soybean oil:										
Wholesale price, crude,										
Decatur (cts./lb.)	16.5	31.5	30.7	33.6	28.5	24.4	21.4	18.9	16.8	16.1
Production (mil. lb.)	7,501.0	8,994.7	7,376.2	651.2	674.5	599.2	783.9	776.7	843.6	—
Domestic disappearance										
(mil. lb.)	6,685.0	7,255.4	6,518.5	499.0	636.5	577.4	728.4	605.0	-649.7	—
Exports (mil. lb.)	1,065.6	1,435.2	1,028.3	135.7	13.4	13.6	43.8	78.9	-54.1	—
Stocks, beginning (mil. lb.)	785.0	515.5	793.5	673.6	544.3	567.1	560.6	568.0	657.7	—
Soybean meal:										
Wholesale price, 44%										
protein, Decatur (\$/ton) . . .	229.00	146.35	130.85	129.20	134.40	133.70	125.90	119.90	125.10	127.50
Production (thou. ton)	16,708.8	19,674.4	16,701.5	1,483.9	1,532.5	1,337.9	1,700.5	1,696.9	1,830.5	—
Domestic disappearance										
(thou. ton)	11,920.5	13,766.3	12,501.3	979.8	1,150.9	1,098.3	1,383.3	1,298.2	1,467.4	—
Exports (thou. ton)	4,744.8	5,547.6	4,298.8	491.3	371.7	274.4	207.2	353.4	426.6	—
Stocks, beginning										
(thou. ton)	191.7	183.2	507.3	529.0	394.8	404.5	358.3	396.1	441.4	—
Margarine, wholesale price,³										
Chicago (cts./lb.)	30.6	47.5	39.8	41.8	38.1	36.0	34.3	33.5	31.2	31.0

¹ Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1973, 1974 and 1975 for margarine. ² Spot basis, Illinois shipping points.

Fruit

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale price indexes:										
Fresh fruit (1967=100)	135.6	144.0	157.8	148.7	154.1	151.3	141.1	148.0	151.5	154.7
Dried fruit (1967=100)	209.2	247.3	213.4	222.6	212.4	212.4	213.9	207.4	207.4	207.8
Canned fruit and juice (1967=100)	134.0	159.7	173.8	175.2	173.5	172.9	172.5	171.5	170.8	169.5
Frozen fruit and juice (1967=100)	137.3	144.0	156.5	154.8	154.9	154.9	159.9	161.1	161.1	161.1
F.o.b. shipping point prices:¹										
Apples, Yakima Valley (\$/ctn.) ²	n.a.	n.a.	n.a.	7.56	—	7.75	6.11	5.79	5.98	5.95
Pears, Yakima Valley (\$/box) ³	n.a.	n.a.	n.a.	6.34	—	—	6.50	6.53	6.98	7.42
Oranges, U.S. avg. (\$/box)	6.26	6.77	6.71	6.03	6.54	7.75	6.49	6.35	7.00	6.95
Grapefruit, U.S. avg. (\$/box)	5.78	5.55	6.21	5.80	6.70	5.82	5.74	5.66	5.64	5.59
Stocks, beginning:										
Fresh apples (mil. lb.)	1,737.6	2,074.2	2,215.0	2,676.8	13.4	10.6	1,027.1	3,453.7	3,115.1	2,569.4
Fresh pears (mil. lb.)	94.8	128.6	169.6	199.9	24.4	565.9	419.8	285.5	232.3	162.2
Frozen fruit (mil. lb.)	514.0	516.3	612.7	650.1	587.9	600.7	592.2	622.2	591.9	558.3
Frozen fruit juices (mil. lb.)	532.6	853.4	886.2	831.8	1,384.5	1,196.2	1,073.6	920.2	853.5	970.5

¹ Annual prices are seasonal average ending with year listed. ² Red 80-125's. ³ D'Anjou pears, regular storage, Washington wrapped, U.S. Delicious, regular storage, Washington extra fancy, carton tray pack, No. 1, 90-135's. n.a. not available.

Food Grains:	Marketing year ¹			1975						1976
	1972/73	1973/74	1974/75	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices:										
Wheat, No. 1 HRW, Kansas City (\$/bu.) ²	2.33	4.62	4.13	4.15	4.12	4.21	4.09	3.71	3.50	3.57
Wheat, DNS, Minneapolis (\$/bu.) ²	2.16	4.57	4.50	4.39	4.23	4.12	3.94	3.51	3.50	3.55
Flour, Kansas City (\$/cwt.)	6.78	10.47	10.06	10.44	9.36	10.21	10.11	9.65	8.99	—
Flour, Minneapolis (\$/cwt.)	7.12	10.85	11.28	11.40	10.51	11.24	11.16	10.68	10.15	—
Rice, S.W. La. (\$/cwt.) ³	14.35	30.42	21.50	21.50	20.55	18.30	18.00	18.00	17.60	17.40
Wheat:										
Exports (mil. bu.)	1,186	1,148	1,039	112	114	128	127	122	95	—
Mill grind (mil. bu.)	554	549	541	44	49	51	54	46	46	—
Wheat flour production (mil. cwt.)	249	246	240	19	22	23	24	20	—	—

	Marketing year ¹			1974		1975				1976
	1972/73	1973/74	1974/75	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar
Wheat:										
Stocks, beginning (mil. bu.)	863	438	247	247	1,563	1,108	662	327	1,891	1,385
Domestic use:										
Food (mil. bu.)	528	528	525	132	138	123	132	144	143	—
Feed and seed (mil. bu.) ⁴	257	224	155	80	35	68	29	80	21	—
Exports (mil. bu.)	1,186	1,148	1,039	269	283	255	232	347	343	—

¹ Beginning July 1 for wheat and August 1 for rice. ² Ordinary protein. ³ Long-grain, milled basis. ⁴ Feed use approximated by residual.

Feed Grains:	Marketing year ¹			1975						1976
	1972/73	1973/74	1974/75	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices:										
Corn, No. 2 yellow, Chicago (\$/bu.)	1.91	2.95	3.12	3.19	3.12	2.99	2.74	2.59	2.59	2.62
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	3.24	4.64	5.01	4.95	5.13	4.66	4.53	4.36	4.33	4.36
Barley, feed, Minneapolis (\$/bu.) ²	1.21	2.10	2.52	2.82	2.77	3.00	2.83	2.42	2.23	2.11
Barley, malting, Minneapolis (\$/bu.) ²	1.47	2.79	4.23	4.62	3.65	3.93	3.83	3.56	3.35	3.24
Exports:										
Corn (mil. bu.)	1,258	1,243	1,149	130	90	77	134	166	154	—
Feed grains (mil. short tons)	43.1	44.4	39.2	4.5	3.1	3.0	4.3	5.4	5.3	—
	Marketing year ¹			1974		1975				1976
	1972/73	1973/74	1974/75	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Corn:										
Stocks, beginning (mil. bu.)	1,126	709	483	1,443	483	3,621	2,214	1,150	359	4,431
Domestic use:										
Feed (mil. bu.)	4,310	4,193	3,187	620	1,144	915	681	447	1,136	—
Food, seed, ind. (mil. bu.)	423	438	454	115	110	114	123	107	106	—
Feed grains: ³										
Stocks, beginning (mil. short tons)	48.4	32.4	22.2	52.3	32.9	125.6	76.3	39.6	29.3	152.1
Domestic use:										
Feed (mil. short tons)	156.2	153.3	115.0	24.3	42.3	32.3	23.3	17.1	41.0	—
Food, seed, ind. (mil. short tons)	17.0	17.7	18.0	4.3	4.1	4.4	5.3	4.1	4.2	—

¹ Beginning October 1 for corn and sorghum; July 1 for oats and barley. ² No. 3 or better. ³ Aggregated data for corn, sorghum, oats and barley; quarterly totals may not add to marketing year totals.

Cotton:

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
U.S. price, SLM, 1-1/16 in. (cts./lb.) ¹	54.2	54.9	44.7	36.1	48.4	50.7	50.4	50.9	55.1	57.2
Northern Europe prices:										
Index (cts./lb.) ²	62.1	64.8	53.1	46.8	55.6	55.4	55.7	55.2	58.8	65.4
U.S., SM 1-1/16 in. (cts./lb.) ³	64.9	66.7	59.6	51.2	63.1	65.4	64.8	65.7	68.6	71.4
U.S. mill consumption (thou. bales)	7,619.9	6,887.7	6,384.9	489.2	527.2	552.7	709.5	572.0	640.2	—
Exports (thou. bales)	5,840.6	5,500.7	4,013.1	429.9	340.2	269.2	234.9	184.2	247.2	—

¹ Average spot market. ² Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. ³ Memphis territory growths.

Vegetables:

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices:										
Potatoes, white, f.o.b. East (\$/cwt.)	3.79	6.74	4.98	2.26	5.86	6.70	5.16	4.66	4.52	6.78
Iceburg lettuce (\$/ctrn.) ¹	3.76	2.82	2.71	3.98	2.86	3.19	2.64	3.42	2.88	3.42
Tomatoes (\$/ctrn.) ²	3.72	5.41	5.62	5.99	4.32	3.75	3.70	5.26	6.60	6.29
Wholesale price index, 10 canned										
veg. (1967=100)	117	146	169	173	169	170	166	166	163	158
Grower price index, fresh commercial										
veg. (1967=100)	157	156	181	170	162	172	159	169	196	190

¹ Std. carton 24's, f.o.b. shipping point. ² 2 layers, 5 x 6-6 x 6, f.o.b. Fla.-Cal.

Tobacco:

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Prices at auctions:										
Flue-cured (cts./lb.)	88.1	105.0	100.0	—	95.5	104.4	105.5	99.3	—	—
Burley (cts./lb.)	89.7	111.5	104.9	106.8	—	—	—	101.6	103.9	108.1
Domestic consumption: ¹										
Cigarettes (bil.)	588.1	578.5	² 598	47.9	50.4	52.8	58.9	48.0	—	—
Large cigars (mil.)	6,893.3	6,273.2	² 594.4	411.3	483.0	498.8	581.9	460.5	—	—

¹ Taxable removals. ² Estimated.

Sugar:

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale price, N.Y. (\$/cwt.) ¹	10.29	29.50	22.47	40.15	21.11	17.36	15.45	15.03	14.80	15.42
U.S. deliveries (thou. short tons) ¹	11,482	11,237	9,936	511	996	930	909	759	831	² 736

¹ Raw value. ² Preliminary.

GENERAL ECONOMIC DATA

Gross National Product and Related Data

Items	Annual			1974				1975			
	1973	1974	1975	I	II	III	IV	I	II	III	IV
Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product ¹	1,306.3	1,406.9	1,498.8	1,370.9	1,391.0	1,424.4	1,441.3	1,433.6	1,460.6	1,528.5	1,572.5
Personal consumption expenditures . . .	808.5	885.9	963.8	849.5	877.8	907.7	908.4	926.4	950.3	977.4	1,001.0
Durable goods	122.9	121.9	128.1	118.4	123.1	128.9	117.3	118.9	123.8	131.8	137.6
Nondurable goods	334.4	375.7	409.8	359.8	371.9	383.9	387.1	394.1	404.8	416.4	423.7
Clothing and shoes	61.4	65.2	69.9	64.3	65.3	66.5	64.8	66.7	69.0	71.3	72.5
Food and beverages	168.0	189.4	209.1	181.3	185.4	193.2	197.4	202.8	206.6	211.4	215.6
Services	351.3	388.3	426.0	371.2	382.8	394.9	404.0	413.4	421.6	429.2	439.7
Gross private domestic investment	220.5	212.2	182.6	218.4	212.7	207.6	210.3	168.7	161.4	194.9	205.4
Fixed investment	203.0	202.5	197.3	203.5	203.4	203.1	199.8	193.5	191.1	197.1	207.4
Nonresidential	136.5	147.9	148.5	145.9	146.6	148.1	151.1	149.3	146.1	146.7	151.9
Residential	66.5	54.6	48.7	57.6	56.9	55.0	48.7	44.2	45.0	50.4	55.4
Change in business inventories	17.5	9.7	-14.6	14.9	9.3	4.4	10.4	-24.8	-29.6	-2.1	-2.0
Net exports of goods and services	7.4	7.7	21.2	15.6	4.0	3.2	8.2	17.3	24.2	22.1	21.2
Exports	101.5	144.2	147.7	133.1	141.6	148.6	153.6	148.2	140.7	148.5	153.5
Imports	94.2	136.5	126.5	117.5	137.6	145.5	145.3	130.9	116.4	126.4	132.2
Government purchases of goods and services	269.9	301.1	331.2	287.5	296.5	305.9	314.4	321.2	324.7	334.1	344.8
Federal	102.0	111.7	123.2	106.1	108.9	113.6	118.2	119.4	119.2	124.2	129.9
State and local	168.0	189.4	208.0	181.4	187.6	192.3	196.3	201.9	205.5	209.9	214.8
1972 Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product	1,233.4	1,210.7	1,186.0	1,228.7	1,217.2	1,210.2	1,186.8	1,158.6	1,168.1	1,201.5	1,215.9
Personal consumption expenditures . . .	766.3	759.8	766.9	760.0	763.2	767.2	748.9	752.3	764.1	771.6	779.4
Durable goods	120.9	112.5	109.5	114.7	115.5	116.8	102.9	104.0	106.5	112.3	115.3
Nondurable goods	309.6	303.0	306.6	304.5	303.8	304.7	298.9	300.8	306.9	308.0	310.7
Clothing and shoes	59.3	59.0	61.2	60.1	59.8	59.2	57.1	58.7	60.9	62.1	62.9
Food and beverages	150.5	147.1	150.2	146.7	146.4	149.1	146.4	148.2	150.7	150.2	151.8
Services	335.8	344.4	350.7	340.8	343.9	345.7	347.2	347.5	350.8	351.2	353.3
Gross private domestic investment	207.4	180.0	138.3	195.9	183.8	173.2	166.9	129.7	124.1	147.8	151.4
Fixed investment	191.4	172.2	148.8	183.6	177.0	169.0	159.3	148.7	144.8	148.7	153.0
Nonresidential	131.3	127.5	112.2	134.5	129.9	125.0	120.8	115.2	110.8	110.6	112.3
Residential	60.1	44.7	36.6	49.1	47.1	44.1	38.5	33.6	34.0	38.0	40.7
Change in business inventories	16.0	7.7	-10.5	12.4	6.8	4.2	7.6	-19.0	-20.7	-8	-1.6
Net exports of goods and services	7.2	16.6	23.3	18.7	15.3	15.1	17.4	21.5	24.9	23.5	23.6
Exports	87.6	97.6	90.5	98.1	99.5	96.9	95.7	90.7	86.8	90.8	93.9
Imports	80.4	81.0	67.2	79.5	81.2	81.9	78.3	69.2	62.0	67.3	70.3
Government purchases of goods and services	252.5	254.3	257.6	254.0	255.0	254.7	253.6	255.1	254.9	258.7	261.6
Federal	96.1	95.0	94.3	94.7	94.7	95.7	94.7	93.7	92.4	94.9	96.1
State and local	156.3	159.3	163.3	159.3	160.2	159.0	158.9	161.4	162.5	163.8	165.5
New plant and equipment expenditures . .	99.74	112.40	113.49	107.27	111.40	113.99	116.22	114.57	112.46	112.16	114.80
Implicit price deflator for GNP (1972=100)	105.92	116.20	126.37	111.58	114.28	117.70	121.45	123.74	125.04	127.21	129.32
Disposable income (\$bil.)	903.1	983.6	1,076.7	953.8	968.2	996.3	1,015.9	1,024.0	1,081.7	1,087.1	1,114.0
Disposable income (1972 \$bil.)	856.0	843.5	856.7	853.3	841.8	842.0	837.6	831.6	869.8	858.2	867.3
Per capita disposable income (\$)	4,292	4,642	5,040	4,513	4,574	4,697	4,779	4,808	5,070	5,083	5,197
Per capita disposable income (1972 \$) . . .	4,068	3,981	4,010	4,037	3,976	3,969	3,940	3,905	4,077	4,012	4,047
U.S. population, tot. incl. military abroad (mil.)	210.4	211.9	213.6	211.4	211.7	212.1	212.6	213.0	213.4	213.9	214.3
Civilian population (mil.)	208.1	209.7	211.4	209.1	209.5	209.9	210.4	210.8	211.2	211.7	212.2

See footnotes at end of table.

Selected monthly indicators

Items	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Monthly data seasonally adjusted except as noted										
Industrial production, total ² (1967=100)	125.6	124.8	113.8	113.7	114.2	116.2	116.7	117.4	118.5	119.3p
Manufacturing (1967=100)	125.1	124.4	112.2	111.8	112.8	114.7	115.8	116.4	117.4	118.2p
Durable (1967=100)	122.0	120.7	105.8	108.2	105.4	107.0	107.6	107.8	108.6	109.4p
Nondurable (1967=100)	129.7	129.7	121.5	117.2	123.4	125.7	127.2	129.0	130.6	131.0p
Leading economic indicators ^{1 3} (1967=100)	124.0	110.1	98.3	91.8	102.7	102.5	102.1	102.1	102.5p	—
Employment ⁴ (Mil. persons)	84.4	85.9	84.8	84.7	85.3	85.2	85.2	85.2	85.4	86.2
Unemployment rate ⁴ (%)	4.9	5.6	8.5	7.9	8.5	8.6	8.6	8.5	8.3	7.8
Personal income ¹ (\$bil. annual rate)	1,054.3	1,154.7	1,245.9	1,202.6	1,262.4	1,278.7	1,287.4	1,295.9	1,300.2	1,313.8p
Hourly earnings in manufacturing ^{4 5} (\$) ..	4.08	4.41	4.81p	4.67	4.82	4.89	4.90	4.93	5.00	5.01p
Money stock (daily average) ² (\$bil.)	⁶ 270.5	⁶ 283.1	⁶ 295.0	281.9	293.2	293.6	293.4	295.7	295.0	295.4p
Time and savings deposits (daily average) ² (\$bil.)	⁶ 364.4	⁶ 419.1	⁶ 451.2	425.4	436.2	438.3	443.2	447.6	451.2	452.9p
Three-month Treasury bill rate ² (%)	7.041	7.886	5.838	6.493	6.463	6.383	6.081	5.468	5.504	4.961
Aaa corporate bond yield (Moody's) ^{5 7} (%)	7.44	8.57	8.83	8.83	8.95	8.95	8.86	8.78	8.79	8.60
Interest rate on new home mortgages ^{5 8} (%)	7.95	8.92	—	9.33	8.89	8.94	9.01	9.01	9.01p	—
Housing starts, private (including farm) ¹ (thou.)	2,045.3	1,337.7	1,161.5p	1,005	1,264	1,304	1,431	1,381	1,291p	1,221p
Auto sales at retail, total ¹ (mil.)	11.4	8.9	8.7	8.0	9.5	8.9	9.1	8.8	9.4	9.6p
Business sales, total ¹ (\$bil.)	143.7	163.9	167.8p	161.9	172.3	173.4	175.3	174.0p	175.7p	—
Business inventories, total ¹ (\$bil.)	224.4	271.0	265.5p	271.1	264.7	265.1	266.9	266.1p	265.5p	—

¹ Department of Commerce. ² Board of Governors of the Federal Reserve System. ³ Composite index of 12 leading indicators. ⁴ Department of Labor, Bureau of Labor Statistics. ⁵ Not seasonally

adjusted. ⁶ December of the year listed. ⁷ Moody's Investors Service. ⁸ Federal Home Loan Bank Board. p. Preliminary.

TRANSPORTATION DATA

Rail Rates and Grain Shipments

	Annual			1975						1976
	1973	1974	1975	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Rail freight rate index ¹										
All products (1969=100)	129.3	149.7	169.4	158.3	175.6	175.7	180.2	180.8	180.9	181.0
Farm products (1969=100)	125.2	145.3	165.0	154.0	171.7	171.8	175.8	176.6	177.4	177.7
Food products (1969=100)	128.8	148.9	168.6	157.1	174.9	175.0	179.1	179.3	179.3	179.3
Rail carloadings of grain (thou. cars) ²	32.3	28.2	25.8	26.4	30.1	29.8	34.5	29.0	23.4	24.5
Barge shipments of grain (mil. bu.) ³	19.0	19.8	23.0	17.4	23.5	23.7	33.9	33.0	21.2	25.9

¹ Department of Labor, Bureau of Labor Statistics. ² Weekly average; from Association of American Railroads. ³ Weekly average; from Agricultural Marketing Service, USDA.

U.S. AGRICULTURAL TRADE

Prices of Principal U.S. Agricultural Trade Products

Items	1975									1976
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Export commodities:										
Wheat, f.o.b. Gulf ports (\$/bu.)	3.92	3.57	3.47	3.98	4.37	4.35	4.46	4.09	3.91	3.93
Corn, f.o.b. Gulf ports (\$/bu.)	3.10	2.94	3.07	3.22	3.46	3.13	3.13	2.79	2.81	2.85
Grain sorghum, f.o.b. Gulf ports (\$/cwt.)	5.25	5.03	4.53	4.87	5.71	5.29	5.42	5.16	5.06	5.06
Soybeans, f.o.b. Gulf ports (\$/bu.)	6.06	5.50	5.46	5.90	6.33	5.68	5.44	4.94	4.84	4.91
Soybean oil, Decatur (cts./lb.)	28.20	23.60	23.30	27.50	28.50	24.40	21.40	18.90	16.80	16.14
Soybean meal, Decatur (\$/ton)	122.00	118.50	120.90	124.00	134.40	133.70	127.65	119.90	125.10	128.25
Cotton, 10 market avg. spot (cts./lb.)	40.43	41.73	42.77	45.57	48.40	50.74	50.38	50.87	55.12	57.17
Tobacco, avg. price of auction (cts./lb.)	106.30	106.10	106.00	95.80	99.40	106.00	106.20	100.50	100.20	100.50
Rice, f.o.b. mill, Houston (\$/cwt.)	22.25	22.25	22.25	22.25	21.40	20.50	19.25	19.25	18.75	18.30
Inedible tallow, Chicago (cts./lb.)	11.22	12.29	12.56	12.05	13.12	13.06	13.21	13.31	12.94	12.97
Import commodities:										
Coffee, N.Y. spot (cts./lb.)	69.00	70.61	73.43	69.00	93.50	93.50	93.50	n.a.	n.a.	107.00
Sugar, N.Y. spot (cts./lb.)	26.07	19.27	15.96	19.89	21.11	17.36	15.45	15.03	14.80	15.42
Cow meat, f.o.b. port of entry (cts./lb.)	58.10	62.12	60.45	61.08	58.93	64.25	69.54	66.51	65.54	67.41
Rubber, N.Y. spot (cts./lb.)	29.00	29.50	29.50	31.00	30.90	30.30	29.70	29.80	31.10	33.00
Cocoa beans, N.Y. spot (cts./lb.)	72.90	61.20	63.60	74.50	78.30	n.a.	n.a.	69.40	74.10	75.80
Bananas, f.o.b. port of entry (\$/40-lb. box)	5.05	n.a.	5.15	4.28	3.68	4.25	4.30	n.a.	4.48	4.40
Canned Danish hams, ex-warehouse N.Y. (\$/lb.)	1.62	1.63	1.75	1.85	1.85	1.90	1.93	1.94	1.90	1.84
Quantity Indices										
Export (1967=100)	153	132	128	141	148	143	188	199	179	n.a.
Import (1967=100)	120	110	128	126	118	146	133	136	128	n.a.
Unit Value Indices										
Export (1967=100)	222	219	210	210	209	218	214	212	206	n.a.
Import (1967=100)	226	220	209	190	201	198	191	191	191	n.a.

n.a. not available.

Trade balance

Items	July-December		December	
	1974	1975	1974	1975
\$ Mil.				
Agricultural exports	10,651	10,960	2,120	1,960
Nonagricultural exports	39,514	42,681	6,583	7,344
Total exports	50,165	53,641	8,703	9,304
Agricultural imports	5,047	4,797	966	768
Nonagricultural imports	48,943	44,489	8,238	8,181
Total imports	53,990	49,286	9,204	8,949
Agricultural trade balance	5,604	6,163	1,154	1,192
Nonagricultural trade balance	-9,429	-1,808	-1,655	-837
Total trade balance	-3,825	4,355	-501	355

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